

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement, together with the short form base shelf prospectus dated August 23, 2013 (the “Prospectus”) to which it relates, as amended or supplemented, and each document incorporated or deemed to be incorporated by reference in the Prospectus or this prospectus supplement constitutes a public offering of these securities only in those jurisdictions where they may lawfully be offered for sale and therein only by persons permitted to sell such securities.

The Series E Shares (as hereinafter defined) to be offered hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws and may not be offered or sold in the United States of America or to or for the account of U.S. persons (as defined in Regulation S under the U.S. Securities Act). See “Plan of Distribution”.

Information has been incorporated by reference in the Prospectus and this prospectus supplement from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice President, General Counsel and Corporate Secretary of AltaGas (as hereinafter defined) at 1700, 355 – 4th Avenue S.W., Calgary, Alberta, T2P 0J1 (telephone (403) 691-7575) and are also available electronically at www.sedar.com.

**PROSPECTUS SUPPLEMENT
To a Short Form Base Shelf Prospectus Dated August 23, 2013**

New Issue

December 6, 2013

The logo for AltaGas, featuring the word "AltaGas" in a bold, blue, sans-serif font. The "A" and "G" are significantly larger than the other letters, and the "t" is lowercase. The "a" and "s" are also lowercase.

**ALTAGAS LTD.
\$200,000,000**

8,000,000 Cumulative Redeemable 5-Year Rate Reset Preferred Shares, Series E

AltaGas Ltd. (“AltaGas”) is hereby qualifying the distribution (the “Offering”) of 8,000,000 cumulative redeemable 5-year rate reset preferred shares, series E (the “Series E Shares”) of AltaGas at a price of \$25.00 per Series E Share (the “Offering Price”). See “Details of the Offering” and “Plan of Distribution”.

The holders of Series E Shares will be entitled to receive, as and when declared by the board of directors of AltaGas (the “Board of Directors”) out of moneys of AltaGas properly applicable to the payment of dividends, fixed cumulative preferential cash dividends for the initial period from and including the date of issue of the Series E Shares to, but excluding, December 31, 2018 (the “Initial Fixed Rate Period”), at an annual rate of \$1.25 per share, payable quarterly on the last day of March, June, September and December in each year (less any tax required to be deducted or withheld by AltaGas). Assuming an issue date of December 13, 2013, the first dividend, if declared, will be payable March 31, 2014, in the amount of \$0.3699 per share. See “Details of the Offering”.

For each five-year period after the Initial Fixed Rate Period (each a “Subsequent Fixed Rate Period”), the holders of Series E Shares shall be entitled to receive, as and when declared by the Board of Directors, fixed cumulative preferential cash dividends, payable quarterly on the last day of March, June, September and December in each year, in the amount per share determined by multiplying one-quarter of the Annual Fixed Dividend Rate (as hereinafter defined) for such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be determined by AltaGas on the applicable Fixed Rate Calculation Date (as hereinafter defined) and will be equal to the sum of the Government of Canada Yield (as hereinafter defined) on the applicable Fixed Rate Calculation Date plus 3.17%. See “Details of the Offering”.

The Series E Shares shall not be redeemable prior to December 31, 2018. On December 31, 2018, and on December 31 in every fifth year thereafter, AltaGas may, at its option, upon not less than 30 days and not more than 60 days prior written notice, redeem for cash all or any part of the outstanding Series E Shares by the payment of \$25.00 per Series E Share plus all accrued and unpaid dividends (less any tax required to be deducted or withheld by AltaGas). See “*Details of the Offering*”.

Option to Convert into Series F Shares

The holders of the Series E Shares will have the right to convert all or any of their shares into cumulative redeemable floating rate preferred shares, series F of AltaGas (the “**Series F Shares**”), subject to certain conditions, on December 31, 2018 and on December 31 in every fifth year thereafter. The holders of the Series F Shares will be entitled to receive, as and when declared by the Board of Directors, quarterly floating rate cumulative preferential cash dividends payable on the last day of March, June, September and December in each year in the amount per share determined by multiplying the Floating Quarterly Dividend Rate (as hereinafter defined) for such Quarterly Floating Rate Period (as hereinafter defined) by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year. The Floating Quarterly Dividend Rate will be the annual rate of interest equal to the sum of the T-Bill Rate (as hereinafter defined) on the applicable Floating Rate Calculation Date (as hereinafter defined) plus 3.17%. See “*Details of the Offering*”.

The Series E Shares and Series F Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two series they wish to hold, subject to certain restrictions and automatic conversion in certain circumstances, and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights and redemption rights attached thereto, the Series E Shares and Series F Shares are identical in all material respects. See “*Details of the Offering*”.

Price: \$25.00 per Series E Share to initially yield 5.0% per annum

	Price to the Public	Underwriters’ Fee⁽¹⁾	Net Proceeds to AltaGas⁽²⁾
Per Series E Share.....	\$25.00	\$0.75	\$24.25
Total	\$200,000,000	\$6,000,000	\$194,000,000

(1) The Underwriters’ (as hereinafter defined) fee for the Series E Shares is \$0.25 for each Series E Share sold to certain institutions, as agreed between AltaGas and the Co-Lead Underwriters (as hereinafter defined), by closing of the Offering, and \$0.75 per Series E Share for all other Series E Shares purchased by the Underwriters. The Underwriters’ fee indicated in the table assumes that no Series E Shares are sold to such institutions.

(2) Before deducting the estimated expenses of the Offering of approximately \$500,000. The expenses of the Offering and the Underwriters’ fee will be paid from the general funds of AltaGas.

There is no market through which the Series E Shares may be sold and purchasers may not be able to resell Series E Shares purchased under this prospectus supplement. This may affect the pricing of the Series E Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Series E Shares and the extent of issuer regulation. See “*Risk Factors*”.

Neither the Series E Shares nor the Series F Shares have a fixed maturity date and are not redeemable at the option of the holders of Series E Shares or Series F Shares, as applicable. The ability of a holder to liquidate its holdings of Series E Shares and Series F Shares, as applicable, may be limited. See “*Risk Factors*”.

The Toronto Stock Exchange (the “**TSX**”) has conditionally approved the listing of the Series E Shares and the Series F Shares. Listing of the Series E Shares is subject to AltaGas fulfilling all the listing requirements of the TSX on or before March 6, 2014. Listing of the Series F Shares is subject to AltaGas fulfilling all the listing requirements of the TSX, including the public distribution requirements of the Series F Shares, at the applicable

time. There can be no assurance that the Series E Shares and Series F Shares will be accepted for listing on the TSX.

It is currently anticipated that the closing date of the Offering (the “**Offering Closing Date**”) will be on or about December 13, 2013, or such later date as AltaGas and the Underwriters may agree but in any event not later than December 31, 2013. See “*Details of the Offering*”.

TD Securities Inc. (“**TD**”), RBC Dominion Securities Inc. (“**RBC**”) and Scotia Capital Inc. (“**Scotia**” and collectively with TD and RBC, the “**Co-Lead Underwriters**”) and BMO Nesbitt Burns Inc. (“**BMO**”), CIBC World Markets Inc. (“**CIBC**”), National Bank Financial Inc. (“**National**”), FirstEnergy Capital Corp., HSBC Securities (Canada) Inc. (“**HSBC**”), Macquarie Capital Markets Canada Ltd., Beacon Securities Limited and Peters & Co. Limited (collectively with the Co-Lead Underwriters, the “**Underwriters**”), as principals, conditionally offer the Series E Shares, subject to prior sale, if, as and when issued by AltaGas to, and accepted by, the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “*Plan of Distribution*” and subject to the approval of certain legal matters relating to the Offering on behalf of AltaGas by Stikeman Elliott LLP and on behalf of the Underwriters by Blake, Cassels & Graydon LLP (collectively, “**Counsel**”).

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. Book entry only certificates representing the Series E Shares will be issued in registered form to CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee and will be deposited with CDS on the Offering Closing Date. A purchaser of Series E Shares will receive only a customer confirmation from a registered dealer which is a CDS participant and from or through which the Series E Shares are purchased. See “*Depository Services*”.

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Series E Shares at levels other than those which might otherwise prevail on the open market. **The Underwriters propose to offer the Series E Shares initially at the Offering Price specified above. After a reasonable effort has been made to sell all of the Series E Shares at the price specified, the Underwriters may reduce the selling price to investors from time to time in order to sell any of the Series E Shares remaining unsold. Any such reduction will not affect the proceeds received by AltaGas. See “*Plan of Distribution*”.**

In the opinion of Counsel, subject to the provisions of any particular plan, the Series E Shares, if issued on the date hereof, generally would be qualified investments under the *Income Tax Act* (Canada) (the “**Tax Act**”) for certain tax-exempt plans. See “*Eligibility for Investment*”.

Investing in the Series E Shares involves certain risks. See “*Risk Factors*” in the accompanying Prospectus and in this prospectus supplement.

TD, RBC, Scotia, BMO, CIBC, National and HSBC are, directly or indirectly, subsidiaries or affiliates of Canadian chartered banks that are lenders to AltaGas or its subsidiaries. In addition, TD acted as financial advisor to AIJVLP (as hereinafter defined) in connection with the Acquisition Transactions (as hereinafter defined). Accordingly, pursuant to applicable securities legislation, AltaGas may be considered a “connected issuer” of such Underwriters. See “*Relationship Between Certain of the Underwriters and AltaGas*” and “*Use of Proceeds*”.

TABLE OF CONTENTS

Important Notice About Information In This Prospectus Supplement and the Accompanying Prospectus	4
Documents Incorporated by Reference	5
Marketing Materials	6
Note Regarding Forward-Looking Statements	6
Recent Developments	9
Use of Proceeds	14
Capitalization of AltaGas	15
Price Range and Trading Volume	16
Plan of Distribution	17
Relationship Between Certain of the Underwriters and AltaGas	18
Earnings Coverage	19
Details of the Offering	19
Depository Services	27
Certain Canadian Federal Income Tax Considerations	28
Ratings	30
Eligibility for Investment	31
Risk Factors	31
Legal Matters	35
Certificate of the Underwriters	C-1

IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the securities AltaGas is offering and also adds to and updates certain information contained in the Prospectus and the documents incorporated by reference therein. The second part, the Prospectus, gives more general information, some of which may not apply to the Series E Shares offered hereunder.

Prospective investors should rely only on the information contained in or incorporated by reference into this prospectus supplement and the Prospectus. AltaGas has not authorized any other person to provide prospective investors with additional or different information. If anyone provides prospective investors with different or inconsistent information, prospective investors should not rely on it. AltaGas is offering to sell, and seeking offers to buy, these securities only in jurisdictions where offers and sales are permitted. Prospective investors should assume that the information appearing in this prospectus supplement and the Prospectus, as well as information AltaGas has previously filed with the securities regulatory authority in each of the provinces of Canada that is incorporated herein and in the Prospectus by reference, is accurate as of their respective dates only. AltaGas' business, financial condition, results of operations and prospects may have changed since those dates.

In this prospectus supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. References to "dollars" or "\$" are to the lawful currency of Canada.

Unless otherwise indicated, all financial information incorporated by reference in this prospectus has been prepared in accordance with United States generally accepted accounting principles ("US GAAP"). Effective January 1, 2012, AltaGas adopted US GAAP and all prior period comparative information has been restated to give effect to the results of operations, financial position and cash flows as if US GAAP had always been applied to such period.

The summarized financial information of Petrogas Energy Corp. ("**Petrogas**") provided below under the heading "*Recent Developments – Acquisition of Petrogas Energy Corp. – Summary Financial Information*" has been

prepared using the principles of Canadian accounting standards for private enterprises (“**ASPE**”) in Part II of the Handbook of the Canadian Institute of Chartered Accountants (the “**CICA Handbook**”) and is accompanied by a reconciliation to US GAAP.

DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed to be incorporated by reference into the Prospectus solely for the purposes of the Offering of the Series E Shares. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full particulars.

The following are specifically incorporated by reference in and form an integral part of the Prospectus and this prospectus supplement:

- (a) the annual information form of AltaGas dated March 7, 2013 for the year ended December 31, 2012 (the “**AIF**”);
- (b) the audited consolidated financial statements of AltaGas and notes thereto as at and for the years ended December 31, 2012 and 2011 together with the auditors’ report thereon filed on March 5, 2013, and management’s discussion and analysis of results of operations and financial condition for the year ended December 31, 2012, filed on March 5, 2013 (the “**2012 MD&A**”) and the earnings coverage ratios filed as an exhibit thereto;
- (c) the unaudited consolidated financial statements of AltaGas and notes thereto as at and for the three and nine months ended September 30, 2013 and 2012, and the management’s discussion and analysis of results of operations and financial condition for the three and nine months ended September 30, 2013, filed on October 31, 2013 (the “**2013 Q3 MD&A**”) and the earnings coverage ratios filed as an exhibit thereto;
- (d) the information circular dated March 4, 2013 relating to the annual and special meeting of holders of common shares of AltaGas (“**Common Shares**”) held on April 25, 2013;
- (e) the business acquisition report dated September 25, 2012 relating to the acquisition of SEMCO Holding Corporation (“**SEMCO**”);
- (f) the material change report of AltaGas dated October 28, 2013 with respect to the Acquisition Transactions and the exercise of the AIJVLP Option (as hereinafter defined); and
- (g) the “template version” (as defined in National Instrument 41-101 – *General Prospectus Requirements* (“**NI 41-101**”)) of the Term Sheet for the Cumulative Redeemable Rate Reset Preferred Shares, Series E and the Cumulative Redeemable Floating Rate Preferred Shares, Series F (the “**Term Sheet**”) filed on December 4, 2013.

Any documents of the type referred to above (excluding confidential material change reports), press releases containing financial information for financial periods more recent than the most recent annual or interim financial statements and any business acquisition reports subsequently filed by AltaGas with securities regulatory authorities in Canada after the date of this prospectus supplement and prior to the termination of the Offering shall be deemed to be incorporated by reference into this prospectus supplement and the Prospectus for the purposes of this Offering. These documents are available through the internet on SEDAR, which can be accessed at www.sedar.com.

Any statement contained in the Prospectus, in this prospectus supplement or in any other document (or part thereof) incorporated or deemed to be incorporated by reference into the Prospectus shall be deemed to be modified or superseded, for purposes of this prospectus supplement, to the extent that a statement contained herein or in any other subsequently filed document (or part thereof) which also is or is deemed to

be incorporated by reference into the Prospectus modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the Prospectus.

MARKETING MATERIALS

The template version of the Term Sheet is not part of this prospectus supplement to the extent that the contents of the template version of the Term Sheet have been modified or superseded by a statement contained in this prospectus supplement. Any template version of “marketing materials” (as defined in NI 41-101) filed after the date of this prospectus supplement and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Term Sheet) is deemed to be incorporated into this prospectus supplement.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the Prospectus and the documents incorporated by reference herein and therein contain forward-looking statements. When used in this prospectus supplement, the Prospectus and the documents incorporated by reference herein and therein, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “seek”, “propose”, “estimate”, “expect” and similar expressions, as they relate to AltaGas or an affiliate of AltaGas, are intended to identify forward-looking statements. In particular, this prospectus supplement, the Prospectus and the documents incorporated by reference herein and therein contain forward-looking statements with respect to, among other things, business objectives, expected growth, results of operations, performance, business projects and opportunities and financial results.

Specifically, and as at the date hereof, such forward-looking statements are set forth in respect of AltaGas’ overall strategy under the heading “*Overview of the Business - AltaGas’ Strategy*” in the AIF, including with respect to the relative contribution of the gas, power and utilities businesses to revenue growth, statements as they relate to gas opportunities with respect to: expectations for the Western Canada Sedimentary Basin (the “**WCSB**”); growth opportunities from plant modifications, increasing interests, acquiring and constructing infrastructure and growing demand; the contribution of AltaGas’ extraction infrastructure to throughput, utilization and profitability; the availability of opportunities to build or acquire gathering, processing, extraction or transmission infrastructure and generate operating synergies; and the impact of growing natural gas production in northeast British Columbia and northwest Alberta; statements as they relate to power opportunities with respect to: power demand growth and price recovery; the timing of new power generation and the impact of the planned decommissioning of thermal plants in Alberta; opportunities to develop new clean power generation capacity; and the anticipated impact of AltaGas’ three run-of-river hydroelectric projects in northwest British Columbia, being the 195 megawatt (“**MW**”) Forrest Kerr project (the “**Forrest Kerr Project**”), the 66 MW McLymont Creek project (the “**McLymont Creek Project**”) and the 16 MW Volcano Creek project (the “**Volcano Creek Project**”) and, together with the Forrest Kerr Project and the McLymont Creek Project, collectively, the “**NW Projects**”); and statements as they relate to utility opportunities to build or expand natural gas distribution infrastructure in Alberta, British Columbia, Nova Scotia, the Northwest Territories, Michigan or Alaska. In addition, such forward-looking statements are set forth under:

- “*Overview of the Business – AltaGas’ Strategy – Gas – Business Strategy*”, including in respect of the demand for natural gas, the viability of the WCSB, the demand for processing infrastructure, AltaGas’ ability to capitalize on supply and demand fundamentals for natural gas and natural gas liquids (“**NGLs**”), the impact of the connection of the Harmattan gas processing facility and the Harmattan extraction plant and associated facilities (collectively, the “**Harmattan Complex**”) to the NOVA Gas Transmission Ltd. system and the related NGL extraction equipment to process natural gas at the Harmattan Complex (the “**Co-stream Facility**”) and opportunities to acquire or build gathering and processing infrastructure and increase volumes, the ability of AltaGas to capitalize on growing natural gas production in northeast British Columbia and northwest Alberta, the impact of the Gordondale gas processing facility (the “**Gordondale Facility**”) on capitalizing on liquids-rich gas and providing stable cash flows;

- “*Overview of the Business – AltaGas’ Strategy – Power – Business Strategy*”, including in respect of the cost and timing of completion of the NW Projects, the anticipated impact of the Sundance B facility on profitability, the impact of North American demand for cleaner energy sources on the ability to develop and own additional power generation and the impact of the potential addition of LNG export facilities on power generation demand;
- “*General Development of AltaGas’ Business – Historical Development – Development of the Gas Business*”, including in respect of the expected full utilization of the Gordondale Facility and the full utilization of the Harmattan Complex;
- “*General Development of AltaGas’ Business – Historical Development – Development of the Power Business*”, including in respect of the expected in service date of the Forrest Kerr Project and the expected cash flows to be derived therefrom and the timing of construction and in service date of the McLymont Creek Project and Volcano Creek Project;
- “*Business of the Corporation – Gas Business – Extraction and Transmission*”, including in respect of the impact of commodity prices or operating costs on NGL extraction and the utilization of the Harmattan Complex resulting from the completion of the Co-stream Facility;
- “*Business of the Corporation – Gas Business – Field Gathering and Processing*”, including in respect of how AltaGas may underpin capital commitments, expectations regarding natural gas prices and demand for gathering and processing facilities in the WCSB associated with the drilling for liquids-rich gas and the associated gas from oil targeted drilling, estimates of the number of natural gas well completions in the WCSB in 2012 and total current gas production and AltaGas’ competitiveness in the midstream marketplace;
- “*Business of the Corporation – Power Business*”, including in respect of expectations for growth through renewable energy projects and gas-fired generation opportunities, including cogeneration, expectations regarding the sufficiency of coal reserves at the Highvale Mine for the Sundance B plant, expectations regarding the integration of power from the Glenridge wind development project in AltaGas’ Alberta power portfolio, intentions with respect to the sale by Bear Mountain Wind Limited Partnership of renewable energy credits as an additional revenue stream, the timing of commencement of commercial operations at the NW Projects, the cost, timing of development and construction of the Log Creek and Kookipi Creek run-of-river hydroelectric projects, expectations regarding the cost characteristics of the Sundance B plant, the ability to generate further growth for the power infrastructure business with its renewable energy portfolio, the supply-demand balance for power in Alberta, the timing of development and intentions with respect to the development of AltaGas’ hydroelectric and wind power development projects in Canada and the United States and the timing of development of LNG projects in western Canada, the demand for power from those LNG projects and the effect on AltaGas’ power generation portfolio; and
- “*Business of the Corporation – Utilities Business*”, expectations regarding AltaGas Utilities Inc.’s (“**AUI**”) annual growth in service sites and the effect of AUI’s performance based regulation compliance and capital tracker applications and the Utility Asset Disposition Review proceeding, in respect of the potential for Heritage Gas Limited (“**Heritage Gas**”) to apply to the Nova Scotia Utility and Review Board for increases to the revenue deficiency account limit, AltaGas’ belief in Heritage Gas’ ability to continue to expand its customer base in Nova Scotia, expectations regarding increases in Heritage Gas’ annual natural gas deliveries and its ability to access natural gas supplies sufficient to serve all its customers as it grows, expectations regarding the negotiated settlement process for Pacific Northern Gas Ltd.’s (“**PNG**”) 2013 revenue requirements and the effect of the Generic Cost of Capital Proceeding on PNG, expectations regarding an expansion of PNG’s Western System transmission line, expectations regarding LNG Partners commencing service and resultant expectations regarding full utilization of the Western System, expectations

regarding the remaining proven reserves of the joint venture between AltaGas, Inuvialuit Petroleum Corporation and ATCO Midstream NTW Ltd., expectations regarding the revenue generated by SEMCO Energy Gas Company's ("**SEMCO Gas**") main replacement program ("**MRP**") surcharge and expectations regarding SEMCO Gas' application to the Michigan Public Service Commission to amend the MRP, expectations regarding SEMCO Gas' application for updated rates, the ability of Cook Inlet production to meet ENSTAR Natural Gas Company supply needs, expectations regarding the working capacity of the in-field storage facility in the Cook Inlet area of Alaska (the "**CINGSA Storage Facility**") owned and operated by Cook Inlet Natural Gas Storage Alaska, LLC ("**CINGSA**"), expectations regarding the maximum withdrawal deliverability of the CINGSA Storage Facility and expectations regarding CINGSA filings with the Regulatory Commission of Alaska regarding rates,

in the AIF incorporated by reference herein and under the headings "*Overview of the Business*"; "*Strategy*"; "*Strategy Execution*"; "*2012 Growth Highlights*"; "*Consolidated Outlook*"; "*Consolidated Outlook – Gas – Capitalizing on Opportunities*"; "*Consolidated Outlook – Power – Capitalizing on Opportunities*"; "*Consolidated Outlook – Utilities – Capitalizing on Opportunities*"; "*Growth Capital – Northwest Projects*"; "*Growth Capital – JEEP West Central Gas Pipeline*"; and "*Liquidity*" in the 2012 MD&A and comparable sections in the 2013 Q3 MD&A.

This prospectus supplement also contains forward-looking statements with respect to the Offering, including in respect of the use of proceeds from the Offering and the expected closing date of the Offering, the completion of the AIJVLP Acquisition (as hereinafter defined), including the expected closing date of the AIJVLP Acquisition, the aggregate consideration payable by AIJVLP in connection therewith and the anticipated benefits of the Acquisition Transactions. See "*Recent Developments – Acquisition of Petrogas Energy Corp.*"

These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect AltaGas' then current views with respect to future events based on certain material facts and assumptions and are subject to certain risks and uncertainties, including without limitation changes in market, competition, governmental or regulatory developments and general economic conditions and the other factors described under the heading "*Risk Factors*" in the AIF, the Prospectus and this prospectus supplement. The material assumptions in making these forward-looking statements are disclosed in the AIF and the 2012 MD&A, respectively, as may be modified or superseded by documents incorporated or deemed to be incorporated by reference in the Prospectus or herein, under the headings set forth above and comparable sections in the 2013 Q3 MD&A.

Many factors could cause AltaGas' or any of its business segments' actual results, performance or achievements to vary from those described in this prospectus supplement, the Prospectus and the documents incorporated by reference herein and therein, including without limitation those listed above as well as the assumptions upon which they are based proving incorrect. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this prospectus supplement, the Prospectus and the documents incorporated by reference herein and therein as intended, planned, anticipated, believed, sought, proposed, estimated or expected, and such forward-looking statements should not be unduly relied upon. These statements speak only as of the date of this prospectus supplement, the Prospectus or as of the date specified in the documents incorporated by reference herein or therein, as the case may be. AltaGas does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this prospectus supplement, the Prospectus and the documents incorporated by reference herein and therein are expressly qualified by these cautionary statements.

Financial outlook information contained in this prospectus supplement, the Prospectus and the documents incorporated by reference herein and therein about prospective results of operations, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information available as of the date of this prospectus supplement, the Prospectus or as of the date specified in the documents incorporated by reference herein or therein, as the case may be. Readers are cautioned that such financial outlook information contained in this prospectus supplement, the

Prospectus and the documents incorporated by reference herein and therein should not be used for the purposes other than for which it is disclosed herein or therein, as the case may be.

RECENT DEVELOPMENTS

Acquisition of Petrogas Energy Corp.

Overview

On September 12, 2013, AltaGas announced that it had entered into a share purchase and sale agreement (the “**Initial Acquisition Agreement**”) pursuant to which AltaGas had agreed to acquire (the “**Initial Acquisition**”) 25% of the issued and outstanding share capital of Petrogas (the “**Initial Petrogas Shares**” and the share capital of Petrogas generally being the “**Petrogas Shares**”) for approximately 2.8 million Common Shares priced at \$35.69 per Common Share, being the 20 day volume weighted average trading price of the Common Shares immediately preceding the entrance into the Initial Acquisition Agreement, and cash. AltaGas has also retained a conditional option to purchase, directly or indirectly, up to an additional 25% interest in Petrogas in 2013. The Initial Acquisition closed on October 1, 2013 (the “**Initial Acquisition Closing Date**”) in consideration of the issue by AltaGas of 2,801,905 Common Shares, and the payment of \$230.5 million in cash, to the vendor of the Petrogas shares (the “**Seller**”).

On October 24, 2013, AltaGas announced that AltaGas Idemitsu Joint Venture Limited Partnership (“**AIJVLP**”), a limited partnership owned by AltaGas and Idemitsu Kosan Co., Ltd. (“**Idemitsu**”) as to a 50% interest each, will acquire, pursuant to the exercise of an option granted by the Seller in conjunction with the entrance into the Initial Acquisition Agreement (the “**AIJVLP Option**”), 41 $\frac{2}{3}$ % of Petrogas (the “**Additional Petrogas Shares**”) for an additional \$550.8 million (the “**AIJVLP Option Purchase Price**”), payable as to \$300.8 million in cash and as to \$250.0 million by a six year 4.0% promissory note of AIJVLP payable to the Seller (the “**Vendor Note**”); provided that if the Seller notifies AIJVLP not less than 10 business days prior to the AIJVLP Acquisition Closing Date (as hereinafter defined), the Vendor Note may be increased to \$300.0 million with a corresponding decrease in the cash consideration. The Vendor Note will be secured by a pledge by AIJVLP of its Petrogas Shares. On October 23, 2013, each of AltaGas, the Seller, Petrogas, AIJVLP and Idemitsu entered into a share purchase and sale agreement (the “**AIJVLP Purchase Agreement**”) in relation to the acquisition of the Additional Petrogas Shares (the “**AIJVLP Acquisition**” and, together with the Initial Acquisition and the Initial Petrogas Share Assignment (as hereinafter defined), collectively referred to as the “**Acquisition Transactions**”).

In the event that the AIJVLP Purchase Agreement is terminated prior to the successful completion of the transactions contemplated thereby, AltaGas will utilize its exercised option, which the parties have held in abeyance, to acquire an additional 25% of Petrogas for an additional \$330.5 million, payable in cash (the “**AltaGas Option**”).

On or before the closing of the AIJVLP Acquisition, AltaGas will enter into an assignment agreement (the “**Initial Petrogas Share Assignment Agreement**”) pursuant to which AltaGas will assign to AIJVLP the Initial Petrogas Shares (the “**Initial Petrogas Share Assignment**”) concurrently with the acquisition of the Additional Petrogas Shares by AIJVLP pursuant to the AIJVLP Purchase Agreement. As a result, upon completion of the Acquisition Transactions, AIJVLP will own 66 $\frac{2}{3}$ % of the Petrogas Shares, with the Seller owning the remaining 33 $\frac{1}{3}$ % and AltaGas and Idemitsu will each have an indirect 33 $\frac{1}{3}$ % interest in Petrogas.

AltaGas funded the cash portion of the Initial Acquisition by a drawdown on its Credit Facilities (as hereinafter defined). AltaGas will have no additional cash funding obligation in connection with the AIJVLP Acquisition.

AltaGas expects that closing of the AIJVLP Acquisition and the Initial Petrogas Share Assignment (the “**AIJVLP Acquisition Closing Date**”) will occur in the first quarter of 2014. Closing of the Acquisition Transactions is not conditional upon completion of the Offering, nor is closing of the Offering conditional on completion of the Acquisition Transactions. See “*Summary Financial Information*” below.

The Acquisition Transactions will collectively constitute a “significant acquisition” by AltaGas for the purposes of National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”) of the Canadian Securities Administrators.

Description of the AIJVLP Purchase Agreement

Certain of the material terms of the AIJVLP Purchase Agreement are summarized below. The following summary of the AIJVLP Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the provisions of the AIJVLP Purchase Agreement, a copy of which has been filed with the securities regulatory authorities in Canada and is available on SEDAR at www.sedar.com.

Closing Conditions

The obligations of the parties to complete the AIJVLP Acquisition are subject to the satisfaction or waiver of a number of conditions which are customary in acquisition transactions of this nature, including without limitation the accuracy of representations and warranties, performance of or compliance with obligations, covenants and agreements, consents being obtained, there being no impediments to closing and certain closing deliveries being made by the respective parties.

In addition, the obligations of the parties to complete the AIJVLP Acquisition are subject to the following regulatory approvals in relation thereto being obtained in form and substance satisfactory to AIJVLP and the Seller (as applicable, the “**Required Authorizations**”):

- (a) either (i) the receipt of an advance ruling certificate or (ii) both the expiry or termination of the applicable waiting period or the waiver of the obligation to provide a pre-merger notification and the receipt of a no action letter, all pursuant to the *Competition Act* (Canada);
- (b) *Canada Transportation Act* approval or notice as to the AIJVLP Acquisition not raising issues with respect to the public interest relating to national transportation, as the case may be;
- (c) expiration or early termination of any statutory waiting period, or extension thereof, pursuant to the *Hart Scott Rodino Antitrust Improvements Act*;
- (d) *Investment Canada Act* (Canada) approval; and
- (e) either (i) receipt of notification from the Committee on Foreign Investment in the United States (“**CFIUS**”) that it lacks jurisdiction over the AIJVLP Acquisition or it has concluded its review under the Exon-Florio provisions of the *Defense Protection Act of 1950*, as amended by the *Foreign Investments and National Security Act of 2007* and determined not to conduct an investigation or (ii) if CFIUS undertakes an investigation, that no material mitigation measures have been imposed on the parties by CFIUS as a condition to proceeding with the AIJVLP Acquisition.

Termination

The AIJVLP Purchase Agreement may be terminated at any time before the AIJVLP Acquisition Closing Date by: (a) mutual written consent of the Seller and AIJVLP; (b) either AIJVLP or the Seller if their respective conditions to closing have not been fulfilled or have become incapable of fulfillment other than as a result of their own breach of the AIJVLP Purchase Agreement; (c) AIJVLP if Petrogas assets equal to or greater than \$10 million in quantum are destroyed, damaged or seized prior to the AIJVLP Acquisition Closing Date; or (d) either the Seller or AIJVLP if the AIJVLP Acquisition Closing Date does not occur on or before March 7, 2014 (or such other date as agreed in writing by the parties) (the “**Outside Date**”), subject to certain limitations.

Indemnities

The AIJVLP Purchase Agreement includes certain post-closing indemnity provisions whereby the Seller and AIJVLP have each agreed to indemnify each other and their respective directors, officers, employees, agents and representatives in relation to any breach or inaccuracy of any representation or warranty and any failure of the Seller or AIJVLP, respectively, to perform or fulfill any covenants or obligations under the AIJVLP Purchase Agreement. Indemnification is generally subject to certain thresholds, both in respect of the threshold amount of damages before any claim is entitled to indemnification and in respect of the maximum indemnification available.

Description of Unanimous Shareholder Agreement and Put/Call Rights

On the Initial Acquisition Closing Date, AltaGas entered into a unanimous shareholder agreement with the Seller pursuant to which their respective rights and obligations in respect of the Petrogas Shares, the management and control of Petrogas and certain other matters was set forth (the “**Unanimous Shareholder Agreement**”). It is a condition precedent to the completion of the AIJVLP Acquisition that AIJVLP becomes a party to the Unanimous Shareholder Agreement in place and stead of AltaGas. As a result, following the AIJVLP Acquisition Closing Date references below to AltaGas should be read as references to AIJVLP.

The Unanimous Shareholder Agreement contains customary terms and conditions, including with respect to the mechanics by which shareholders are able to transfer Petrogas Shares held by them, respond to eligible offers from third parties and exercise tag-along and drag-along rights and permitted transfers and the relative board nomination rights of AltaGas (and, effective the AIJVLP Acquisition Closing Date, Idemitsu) and the Seller in respect of Petrogas. In addition, the Unanimous Shareholder Agreement provides for certain put and call rights in respect of the remaining Petrogas Shares held by the Seller.

Description of Petrogas

Petrogas is a Calgary, Alberta headquartered private company engaged in the marketing, storage, and distribution of natural gas liquids, drilling fluids, fracing fluids, crude oil and condensate diluents. Petrogas and its subsidiaries own, lease and operate underground storage facilities, surface storage, processing plants, truck and transportation equipment, loading and terminaling facilities and crude oil blending facilities. Petrogas and its subsidiaries have operations throughout Canada and seven states in the United States of America.

Strategic Rationale

AltaGas believes that the Acquisition Transactions provide multiple strategic benefits to AltaGas, including:

- a unique opportunity for AltaGas to leverage its infrastructure assets and capture synergies across business activities, unlocking value in AltaGas’ NGL assets;
- the strategic location of AltaGas’ NGL facilities combined with Petrogas’ market expertise and infrastructure provide the ability to move NGLs in and out of storage and transport to market to meet customer demand;
- supporting AltaGas’ LPG export initiative and is expected to provide access to additional NGL markets across North America and internationally;
- enhancing CNG and LNG trucking opportunities for AltaGas;
- providing expanded growth opportunities for AltaGas; and
- Petrogas’ assets are located in Canada and throughout key energy markets in the United States, providing a good geographic fit with AltaGas’ current portfolio of assets.

Summary Financial Information

Pursuant to the exemption in Section 8.6 of NI 51-102, AltaGas is exempt from the requirements of Section 8.4 of NI 51-102 to file certain financial statements. The exemption is available because AltaGas’ acquisition of its interest in the Petrogas Shares will be accounted for using the equity method as part of AltaGas’ equity investment in AIJVLP. Summarized information of the total assets, total liabilities, revenue and net income of Petrogas and Express Tankers Inc. (“**Express**”) for the years ended and as at February 28, 2013 and February 29, 2012 and for the six months ended and as at August 31, 2013 and 2012 is presented below. Express is a wholly-owned subsidiary of Petrogas acquired by Petrogas concurrently with the entrance into the Initial Acquisition Agreement by AltaGas, Petrogas and the Seller.

The following summary information of Petrogas and Express has been prepared using ASPE in Part II of the CICA Handbook. The recognition, measurement and disclosure requirements of ASPE differ from US GAAP as applied by AltaGas. The table includes audited comparative information for the most recent fiscal year, being fiscal 2013, and unaudited comparative information for the most recent interim period, being the first half of fiscal 2013, of Petrogas and Express. The information in the table reflects the historical cost of Petrogas and Express and does not include any purchase price adjustments from the Initial Acquisition. For the period ending February 29, 2012, Petrogas incurred a one-time pre-tax gain of \$41.4 million related to the acquisition of NGL storage and loading facilities in 2012. This gain is reflected in the net income as a gain on acquisition.

Petrogas Energy Corp. and Express Tankers Inc.
Combined Summary Financial Information containing Total Assets, Total Liabilities, Revenue and Net Income

(\$000s)	As at		As at	
	February 28, 2013	February 29, 2012	August 31, 2013 (Unaudited)	August 31, 2012 (Unaudited)
Total Assets.....	661,925	630,178	757,482	668,857
Total Liabilities.....	255,723	298,917	323,576	329,278
	For the year ended		For the six-months ended	
	February 28, 2013	February 29, 2012	August 31, 2013 (Unaudited)	August 31, 2012 (Unaudited)
Revenue.....	2,735,041	2,685,550	1,353,590	1,366,459
Net income.....	74,956	128,930	31,814	9,505

General information

The combined summary financial information includes the consolidated summary financial information of Petrogas and the summary financial information of Express, both of which are under common control (the “**Companies**”). The financial year ends for Petrogas and Express are February 28 and December 31, respectively.

Basis of presentation

The summary financial information has been prepared by AltaGas and is derived from the Petrogas and Express audited combined summary financial information for the years ended February 28, 2012 and February 29, 2012 and for the six months ended August 31, 2013 and 2012 prepared using the principles of ASPE as issued by the Canadian Accounting Standards Board and in accordance with the financial reporting framework specified in subsection 3.2(6) of National Instrument 52-107 - *Acceptable Accounting Principles and Auditing Standards* (“**NI 52-107**”) for summarized financial information of a business accounted for using the equity method and contains total assets, total liabilities, revenue and net income for the years ended February 28, 2013 and February 29, 2012. Such information was audited under Canadian generally accepted auditing standards and received an unmodified opinion, without reservation, which states that in the auditor’s opinion the summary financial information of Petrogas as at and for the years ended February 28, 2013 and February 29, 2012 were prepared in all material respects in accordance with the financial reporting framework specified in subsection 3.2(6) of NI 52-107 for summarized financial information of a business accounted for using the equity method.

Without modifying their opinion, the auditor notes that the businesses included in the summary financial information have not operated as a single entity. It is noted that the summary financial information is, therefore, not necessarily indicative of results that would have occurred if the businesses had operated as a single business during the years presented or of future results of the combined businesses.

The results of the entities are combined on a non-coterminous basis. There were no transactions or events that occurred during the non-coterminous periods combined that significantly affected the summary financial information.

US GAAP Reconciliation

The following items are the material adjustments that would be required to prepare the combined summary financial information in accordance with US GAAP.

Net income

(\$000s)	For the year-ended		For the six months-ended	
	February 28, 2013	February 29, 2012	August 31, 2013	August 31, 2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net income in accordance with ASPE	\$ 74,956	\$ 128,930	\$ 31,814	\$ 9,505
Increase/(Decrease) in net income under US GAAP:				
Recognize physical commodity contracts as derivative financial instruments ⁽¹⁾	26,393	-	18,502	16,940
Credit value adjustment related to derivative financial instruments ⁽³⁾	(90)	(166)	(28)	172
Increase in amortization related to increase in the fair value of PP&E acquired through business combinations ⁽²⁾	(75)	(75)	(38)	(38)
Deferred income tax expense ⁽²⁾	(4,040)	(16,662)	(1,802)	(1,181)
Net income in accordance with US GAAP	\$ 97,144	\$ 112,027	\$ 48,448	\$ 25,398

Total Assets

(\$000s)	As at		As at	
	February 28, 2013	February 29, 2012	August 31, 2013	August 31, 2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total assets in accordance with ASPE	\$ 661,925	\$ 630,178	\$ 757,482	\$ 668,857
Increase/(Decrease) in total assets under US GAAP:				
Recognize physical commodity contracts as derivative financial instruments ⁽¹⁾	26,393	-	47,667	16,543
Credit value adjustment related to derivative financial instruments ⁽³⁾	(118)	(372)	(124)	(122)
Increase in fair value of PP&E acquired through business combinations ⁽²⁾	1,839	1,914	1,801	1,877
Total assets in accordance with US GAAP	\$ 690,039	\$ 631,720	\$ 806,826	\$ 687,155

Total Liabilities

(\$000s)	As at		As at	
	February 28, 2013	February 29, 2012	August 31, 2013	August 31, 2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total liabilities in accordance with ASPE	\$ 255,723	\$ 298,917	\$ 323,576	\$ 329,278
Increase/(Decrease) in total liabilities under US GAAP:				
Recognize physical commodity contracts as derivative financial instruments ⁽¹⁾	-	-	2,772	-
Credit value adjustment related to derivative financial instruments ⁽³⁾	(28)	(205)	(96)	(294)
Deferred income tax liability ⁽²⁾	33,521	29,484	35,323	30,665
Total liabilities in accordance with US GAAP	\$ 289,216	\$ 328,196	\$ 361,575	\$ 359,649

Notes:

- (1) Under ASPE, contracts to buy or sell non-financial items do not meet the definition of a financial instrument. Under US GAAP, certain contracts entered into by the Companies would meet the definition of a derivative, and therefore must be recorded at fair value.
- (2) The Companies account for income taxes using the taxes payable method under ASPE, which does not require accounting for deferred income taxes. US GAAP does not allow the taxes payable method, and requires deferred income taxes to be considered, including the consideration of deferred income taxes in business combinations. This resulted in an increase in the fair value of the acquired assets and a related increase in amortization of property, plant and equipment.
- (3) Under US GAAP, counterparty and company specific credit risk must be considered when determining the fair values of derivative financial instruments. ASPE uses quoted prices from a derivatives dealer and that price does not include credit risk.

AltaGas' Issuer Rating Placed on Credit Watch by Standard & Poor's Ratings Services

On November 19, 2013, Standard & Poor's Ratings Services ("S&P") revised its criteria for rating corporate industrial companies and utilities, including analyzing entities where regulated utilities represent a material part of their business. In particular, S&P revised its criteria for evaluating companies' business risk profiles, their financial risk profiles and other factors.

Based on the application of those revised criteria, S&P announced on November 26, 2013 that it had reviewed its ratings on corporate industrial and utility companies and placed the ratings of seven Canadian corporate entities on Credit Watch with positive implications and three Canadian corporate entities, including AltaGas, on Credit Watch with negative implications.

S&P has indicated that it will publish individual analytical reports on the foregoing entities over the next several weeks. As a result, it is possible that AltaGas' ratings may be lowered from their current levels when such a report is published. AltaGas is currently unable to advise as to the outcome of this process. See "*Risk Factors – Risks Related to the Series E Shares – Ratings*".

USE OF PROCEEDS

The net proceeds to AltaGas from the Offering will be approximately \$194,000,000 after deducting the Underwriters' fee of \$6,000,000 (assuming no institutional sales of Series E Shares) and before deducting the expenses of the Offering, estimated to be approximately \$500,000. The expenses of the Offering and the Underwriters' fee will be paid from AltaGas' general funds.

The net proceeds of the Offering will be used to reduce outstanding indebtedness under the Credit Facilities and for general corporate purposes. Over the preceding two years, AltaGas and its affiliates used borrowings under the Credit Facilities to, among other things, fund the cash portion of the Initial Acquisition purchase price, the addition of capital assets under construction, provide working capital in respect of ongoing operations and other general corporate purposes. See “Recent Developments – Acquisition of Petrogas Energy Corp.” for a description of the Initial Acquisition, including the business objectives of the Acquisition Transactions.

Certain of the Underwriters are, directly or indirectly, subsidiaries or affiliates of Canadian chartered banks which are lenders to AltaGas or its subsidiaries. Consequently, AltaGas may be considered to be a “connected issuer” of such Underwriters for purposes of applicable securities legislation. See “Plan of Distribution”.

CAPITALIZATION OF ALTAGAS

The following table sets forth the unaudited consolidated capitalization of AltaGas as at September 30, 2013, and the unaudited *pro forma* consolidated capitalization of AltaGas as at September 30, 2013 after giving effect to: (i) the Offering; (ii) the completion of the Acquisition Transactions and related advances under the Credit Facilities; and (iii) the anticipated use of proceeds from the Offering (assuming no institutional sales of Series E Shares). The financial information set out below should be read in conjunction with the unaudited consolidated financial statements of AltaGas as at and for the three and nine months ended September 30, 2013.

(\$000s except share amounts)

	<u>Authorized</u>	<u>Outstanding as at September 30, 2013</u>	<u>Outstanding as at September 30, 2013 after giving effect to the Offering and the use of proceeds therefrom, completion of the Acquisition Transactions and related advances under the Credit Facilities⁽¹⁾</u>
Debt			
Credit Facilities ⁽²⁾		463,029	500,029
Medium Term Notes ⁽³⁾		2,104,988	2,104,988
Other Long Term Debt.....		466,818	466,818
Share Capital			
Common Shareholders' Equity ⁽⁴⁾	Unlimited	2,088,463	2,188,463
		(118,926,464	(121,728,369
		Common Shares)	Common Shares)
Preferred Shares.....	Unlimited	194,126	588,252
		(8,000,000 Preferred	(8,000,000 Preferred
		Shares, Series A)	Shares, Series A and
		200,626	8,000,000 Preferred
		(8,000,000 Preferred	8,000,000 Series E
		Shares, Series C)	Shares)
Total Capitalization		5,518,050	5,848,550

Notes:

- (1) Based on the issuance of 8,000,000 Series E Shares pursuant to the Offering for net proceeds to AltaGas from the Offering of approximately \$193,500,000 after deducting the Underwriters' fee of \$6,000,000 (assuming no institutional sales of Series E Shares) and estimated expenses of the Offering of \$500,000. The expenses of the Offering and the Underwriters' fee will be paid from the general funds of AltaGas. See “Plan of Distribution”.
- (2) See “Relationship Between Certain of the Underwriters and AltaGas” for a summary of the amounts outstanding under the respective Credit Facilities as at December 5, 2013. The *pro forma* amount has been adjusted to include a net drawdown under the Credit Facilities of approximately \$230.5 million for the Initial Acquisition and the application of the net proceeds of the Offering to the reduction of outstanding indebtedness thereunder.

- (3) Medium term notes consist of: (a) \$200 million of 7.42% medium term notes due April 29, 2014; (b) \$200 million of 4.10% medium term notes due March 24, 2016; (c) \$100 million of 6.94% medium term notes due June 29, 2016; (d) \$200 million of 5.49% medium term notes due March 27, 2017; (e) \$175 million of 4.60% medium term notes due January 15, 2018; (f) \$200 million of 4.55% medium term notes due January 17, 2019; (g) \$200 million of 4.07% medium term notes due June 2, 2020; (h) \$350 million of 3.72% medium term notes due September 28, 2021; (i) \$300 million of 3.57% medium term notes due June 12, 2023; and (j) US\$175 million floating rate medium term notes due April 13, 2015 (the “**US Floating Rate Notes**”). The US Floating Rate Notes have been converted from U.S. dollars to Canadian dollars as at September 30, 2013 at an exchange rate of 1.0285.
- (4) As at September 30, 2013, 5,143,985 options under AltaGas’ stock option plan were outstanding with a weighted average exercise price of \$25.97 per Common Share. The *pro forma* common shareholders’ equity has been adjusted to include the Common Shares issued to the Seller pursuant to the Initial Acquisition Agreement.

PRICE RANGE AND TRADING VOLUME

Preferred Shares, Series A

The cumulative redeemable 5-year rate reset preferred shares, Series A of AltaGas (the “**Preferred Shares, Series A**”) are listed and posted for trading on the TSX under the trading symbol “ALA.PR.A”. The following table sets forth the price range for and trading volume of the Preferred Shares, Series A on the TSX for the period from November 2012 through December 5, 2013, as reported by the TSX.

	Price Range		Volume
	High (\$)	Low (\$)	
2012			
November	26.22	25.60	107,401
December	25.98	25.64	111,073
2013			
January	26.68	25.90	266,671
February	26.93	26.15	189,654
March	26.95	26.26	126,816
April	26.75	25.87	124,366
May	26.80	26.00	117,186
June	26.25	24.80	130,125
July	25.80	25.11	112,175
August	25.76	24.53	169,144
September	25.60	24.74	137,230
October	25.73	25.35	132,961
November	26.24	25.26	101,233
December (1-5)	25.89	24.97	42,084

Preferred Shares, Series C

The cumulative redeemable 5-year rate reset preferred shares, Series C of AltaGas (the “**Preferred Shares, Series C**”) are listed and posted for trading on the TSX under the trading symbol “ALA.PR.U”. The following table sets forth the price range for and trading volume of the Preferred Shares, Series C on the TSX for the period from November 2012 through December 5, 2013, as reported by the TSX.

	Price Range		Volume
	High (\$)	Low (\$)	
2012			
November	25.58	25.20	213,471
December	25.60	25.25	131,689

	Price Range		Volume
	High (\$)	Low (\$)	
2013			
January	25.63	25.25	225,860
February	25.99	25.30	132,279
March	26.13	25.02	268,360
April	25.79	25.13	242,651
May	26.54	25.60	155,505
June	26.20	25.10	223,149
July	25.54	25.12	182,810
August	25.31	24.44	253,932
September	25.24	24.69	157,392
October	25.01	24.70	225,277
November	25.39	24.76	142,854
December (1-5)	25.42	25.00	84,180

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the “**Underwriting Agreement**”) dated December 4, 2013 between AltaGas and the Underwriters, AltaGas has agreed to sell an aggregate of 8,000,000 Series E Shares to the Underwriters, and the Underwriters have severally (and not jointly or jointly and severally) agreed to purchase from AltaGas, as principals, such Series E Shares at a price of \$25.00 per Series E Share payable in cash against delivery of such Series E Shares on the Offering Closing Date. The Underwriting Agreement provides that, in consideration of the services of the Underwriters in connection with the Offering, AltaGas will pay the Underwriters a fee of \$0.25 per Series E Share issued and sold by AltaGas to certain institutions, and \$0.75 per Series E Share for all other Series E Shares issued and sold by AltaGas as part of the Offering, for an aggregate fee payable by AltaGas of \$6,000,000, assuming that no Series E Shares are sold to such institutions. The Underwriters’ fee is payable on the Offering Closing Date. The summary of certain provisions of the Underwriting Agreement contained herein does not purport to be complete and is qualified in its entirety by reference to the provisions of the Underwriting Agreement, a copy of which has been filed with the securities regulatory authorities in Canada and is available on SEDAR at www.sedar.com.

The terms of the Offering were established through negotiations between AltaGas and the Underwriters.

The obligations of the Underwriters under the Underwriting Agreement are several (and not joint or joint and several) and such obligations may be terminated at their discretion on the basis of, among other things: (i) certain proceedings being announced, threatened or commenced against AltaGas; (ii) certain changes in law; (iii) the issuance of any order (or proceedings to commence such order) to cease or suspend trading in any securities of AltaGas; (iv) any change reasonably expected in the Underwriter’s opinion to have a material adverse effect on the market price of the Series E Shares; (v) any adverse change in the ratings of the Series E Shares by a Ratings Agency (as defined below); or (vi) prior to the closing time on the Offering Closing Date, there develops an occurrence of national or international consequence which seriously adversely affects the financial markets or the business of AltaGas; or (vii) any change or proposed change in Canadian tax laws or the interpretation or administration thereof which could reasonably be expected to have a significant adverse effect on the market price or value of the Series E Shares; (viii) the Underwriters becoming aware of any material information with respect to AltaGas, its subsidiaries or Petrogas not publicly disclosed or disclosed in writing to the Underwriters which in the sole opinion of the Underwriter, acting reasonably could be expected to have a significant adverse effect on the market price or value of the Series E Shares or which adversely impacts the distribution or marketability thereof; or (ix) AltaGas is in breach or default under or non-compliance with any representation, warranty, covenant, term or condition of the Underwriting Agreement in any material respect. If an Underwriter fails to purchase the Series E Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Series E Shares, provided that, if the aggregate number of Series E Shares not purchased is less than or equal to 9% of the aggregate number of Series E Shares agreed to be purchased by the Underwriters, then each of the other Underwriters is obligated to purchase severally the Series E Shares not taken up, on a *pro rata* basis or as they may

otherwise agree as between themselves. The Underwriters are, however, obligated to take up and pay for all Series E Shares if any Series E Shares are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that AltaGas will indemnify the Underwriters and their respective directors, officers, shareholders, agents and employees against certain liabilities and expenses.

The Underwriters propose to offer the Series E Shares initially at the Offering Price specified on the cover page of this prospectus supplement. After the Underwriters have made a reasonable effort to sell all of the Series E Shares offered by this prospectus supplement at the price specified herein, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than \$25.00. In the event the Offering Price of the Series E Shares is reduced, the compensation received by the Underwriters will be decreased by the amount by which the aggregate price paid by the purchasers for the Series E Shares is less than the gross proceeds paid by the Underwriters to AltaGas for the Series E Shares. Any such reduction will not affect the proceeds received by AltaGas.

Subscriptions for Series E Shares will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice.

The TSX has conditionally approved the listing of the Series E Shares and the Series F Shares. Listing of the Series E Shares is subject to AltaGas fulfilling all the listing requirements of the TSX on or before March 6, 2014. Listing of the Series F Shares is subject to AltaGas fulfilling all the listing requirements of the TSX, including the public distribution requirements of the Series F Shares, at the applicable time. There can be no assurance that the Series E Shares and Series F Shares will be accepted for listing on the TSX.

AltaGas has agreed that, subject to certain exceptions, it shall not issue or agree to issue any preferred shares in the capital of AltaGas (“**Preferred Shares**”) or other securities convertible into, or exchangeable for, Preferred Shares prior to 90 days after the Offering Closing Date without the prior consent of the Co-Lead Underwriters on behalf of the Underwriters, which consent shall not be unreasonably withheld.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Series E Shares. The policy statements allow certain exceptions to the foregoing prohibitions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series E Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada, relating to market stabilization or market balancing activities and a bid or purchase made on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series E Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

RELATIONSHIP BETWEEN CERTAIN OF THE UNDERWRITERS AND ALTAGAS

TD, RBC, Scotia, BMO, CIBC, National and HSBC are, directly or indirectly, subsidiaries or affiliates of Canadian chartered banks that are lenders to AltaGas or its subsidiaries. In addition, TD acted as financial advisor to AIJVLP in connection with the Initial Acquisition. Accordingly, pursuant to applicable securities legislation, AltaGas may be considered a “connected issuer” of such Underwriters. As at December 5, 2013, AltaGas or its subsidiaries were indebted to a syndicate of lenders, including to a lender affiliate of each of TD, RBC and BMO under a US\$300 million senior unsecured revolving credit facility (the “**US Facility**”) in the approximate amount of US\$253.5 million. In addition, as at December 5, 2013, AltaGas or its subsidiaries were indebted to a syndicate of lenders, including lender affiliates of all such Underwriters under a \$600 million unsecured extendible revolving facility currently scheduled to mature on May 30, 2016 (the “**Syndicated Facility**”) and, together with the US Facility, collectively, the “**Credit Facilities**”) in the approximate amount of \$509.8 million.

The Credit Facilities are unsecured. AltaGas and its subsidiaries, as applicable, are presently in compliance with the terms of such Credit Facilities and none of the lenders has waived a breach of the agreements governing

such Credit Facilities since their execution. The consolidated financial position of AltaGas has not changed materially since the indebtedness under such Credit Facilities was incurred. See “*Use of Proceeds*”.

The decision to distribute Series E Shares pursuant to the Offering was made by AltaGas and the determination of the terms of the Offering was made through negotiations between AltaGas and the Underwriters. The lender affiliates of such Underwriters did not have any involvement in such decision or determination but have each been advised of the Offering and the terms thereof. Each of the Underwriters will receive its proportionate share of the aggregate underwriting fee payable by AltaGas.

EARNINGS COVERAGE

The following consolidated earnings coverage ratios are calculated for the 12-month periods ended December 31, 2012 and September 30, 2013 after giving effect to: (a) the issuance on April 12, 2013 of US\$175 million floating rate medium term notes due April 13, 2015; (b) the issuance on June 11, 2013 of \$300 million 3.57% medium term notes due June 12, 2023; and (c) the issuance of the Series E Shares pursuant to this Offering. The earnings coverage ratios set out below do not purport to be indicative of earnings coverage ratios for any future period.

	December 31, 2012	September 30, 2013
Earnings Coverage.....	1.67 times	1.75 times

AltaGas’ dividend requirements on all of its Preferred Shares, after giving effect to the foregoing, and adjusted to a before-tax equivalent using an effective income tax rate of 25%, amounted to approximately \$33.2 million for the 12 months ended December 31, 2012 and to approximately \$38.7 million for the 12 months ended September 30, 2013. AltaGas’ interest requirements, after giving effect to the foregoing, amounted to approximately \$103.0 million and \$145.6 million for the 12 months ended December 31, 2012 and September 30, 2013, respectively. AltaGas’ earnings before interest and income tax for the 12 months ended December 31, 2012 and September 30, 2013 were approximately \$227.5 million and \$321.8 million, respectively, which are 1.67 times and 1.75 times AltaGas’ aggregate dividend and interest requirements for this period.

DETAILS OF THE OFFERING

The following is a summary of the principal rights, privileges, restrictions and conditions attaching to the Preferred Shares of AltaGas as a class and to be attached to the Series E Shares and Series F Shares. AltaGas will furnish on request a copy of the text of the provisions attaching to the Preferred Shares as a class and the Series E Shares and Series F Shares, each as a series and such provisions will also be available on SEDAR at www.sedar.com.

Definition of Terms

The following definitions are relevant to the Series E Shares and the Series F Shares.

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date and 3.17%.

“**Bloomberg Screen GCAN5YR Page**” means the display designated as page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada bond yields.

“**Business Day**” means a day on which banks are generally open for business in both Calgary, Alberta and Toronto, Ontario.

“**Dividend Payment Date**” means the last day of March, June, September and December in each year commencing March 31, 2014.

“**Fixed Rate Calculation Date**” means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

“**Floating Quarterly Dividend Rate**” means, for any Quarterly Floating Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date and 3.17%.

“**Floating Rate Calculation Date**” means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

“**Government of Canada Yield**” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and that appears on the Bloomberg Screen GCAN5YR Page on such date; provided that if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, then the Government of Canada Yield shall mean the arithmetic average of the yields quoted to AltaGas by two registered Canadian investment dealers selected by AltaGas as being the annual yield to maturity on such date, compounded semi-annually, that a non-callable Government of Canada bond would carry if issued, in Canadian dollars, at 100% of its principal amount on such date with a term to maturity of five years.

“**Initial Fixed Rate Period**” means the period from and including the date of issue of the Series E Shares to, but excluding, December 31, 2018.

“**Quarterly Commencement Date**” means the last day of March, June, September and December in each year, commencing December 31, 2018.

“**Quarterly Floating Rate Period**” means the period from and including a Quarterly Commencement Date to, but excluding, the next succeeding Quarterly Commencement Date.

“**Series E Conversion Date**” means December 31, 2018, and December 31 in every fifth year thereafter.

“**Series F Conversion Date**” means December 31, 2023, and December 31 in every fifth year thereafter.

“**Subsequent Fixed Rate Period**” means, for the initial Subsequent Fixed Rate Period, the period from and including December 31, 2018 to, but excluding, December 31, 2023, and for each succeeding Subsequent Fixed Rate Period means the period from and including the day immediately following the last day of the immediately preceding Subsequent Fixed Rate Period to, but excluding, December 31 in the fifth year thereafter.

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as an annual rate on 90 day Government of Canada treasury bills using the three-month average results, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date, as posted on the Bloomberg page “CA3MAY<INDEX>” (or such other page as may replace the CA3MAY<INDEX> page on that service for purposes of displaying Government of Canada treasury bills yields).

Certain Provisions of the Preferred Shares as a Class

Subject to certain limitations, including that the number of Preferred Shares issuable in series at any time must have aggregate voting rights representing less than 50% of the voting rights attaching to the then issued and outstanding Common Shares, the Board of Directors may, from time to time, issue Preferred Shares in one or more series and determine for any such series, prior to any issuance, its designation, number of shares and respective rights, privileges, restrictions and conditions. The Preferred Shares, as a class, have, among others, provisions to the effect set forth below.

Priority

The Preferred Shares of each series shall rank on parity with the Preferred Shares of every other series with respect to accumulated dividends and return of capital, and shall be entitled to preference over the Common Shares and any other shares ranking junior to the Preferred Shares with respect to the payment of dividends and the distribution of assets of AltaGas in the event of a liquidation, dissolution or winding up of AltaGas, whether voluntary or involuntary, or any other distribution of the assets of AltaGas among its shareholders for the purpose of winding up its affairs.

Changes in Terms

The provisions attaching to the Preferred Shares as a class may be repealed, altered, modified, amended or amplified only with the approval of the holders of the Preferred Shares as a class. Any such approval to be given by the holders of the Preferred Shares may be given either by resolution in writing executed by all holders of the Preferred Shares entitled to vote on that resolution or passed by the affirmative vote of the holders of not less than $66\frac{2}{3}$ per cent of the Preferred Shares represented and voted at a meeting or adjourned meeting of such holders.

Certain Provisions of the Series E Shares

Issue Price

The Series E Shares will have an issue price of \$25.00 per share.

Dividends on Series E Shares

During the Initial Fixed Rate Period, the holders of the Series E Shares shall be entitled to receive and AltaGas shall pay, as and when declared by the Board of Directors, out of the moneys of AltaGas properly applicable to the payment of dividends, fixed cumulative preferential cash dividends at an annual rate of \$1.25 per share, payable quarterly on each Dividend Payment Date in each year (less any tax required to be deducted or withheld by AltaGas). The first dividend, if declared, shall be payable on March 31, 2014, and, notwithstanding the foregoing, shall be in the amount per share determined by multiplying \$1.25 by the number of days in the period from and including the date of issue of the Series E Shares to, but excluding, March 31, 2014, and dividing that product by 365, being the amount of \$0.3699 per Series E Share.

During each Subsequent Fixed Rate Period, the holders of the Series E Shares shall be entitled to receive and AltaGas shall pay, as and when declared by the Board of Directors, out of the moneys of AltaGas properly applicable to the payment of dividends, fixed cumulative preferential cash dividends, payable quarterly on each Dividend Payment Date, in the amount per share determined by multiplying one-quarter of the Annual Fixed Dividend Rate for such Subsequent Fixed Rate Period by \$25.00 (less any tax required to be deducted or withheld by AltaGas).

On each Fixed Rate Calculation Date, AltaGas shall determine the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon AltaGas and upon all holders of Series E Shares. AltaGas shall, on each Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Series E Shares.

Redemption of Series E Shares

The Series E Shares shall not be redeemable prior to December 31, 2018. Subject to the provisions described under "*Restrictions on Payments and Reductions of Capital*", on December 31, 2018, and on December 31 in every fifth year thereafter, AltaGas may, at its option, redeem all or any part of the Series E Shares by the payment of an amount in cash for each share to be redeemed equal to \$25.00 plus all accrued and unpaid dividends

thereon to, but excluding, the date fixed for redemption (less any tax required to be deducted or withheld by AltaGas).

Notice of any redemption of Series E Shares will be given by AltaGas not more than 60 days and not less than 30 days prior to the date fixed for redemption. If less than all of the outstanding Series E Shares are at any time to be redeemed, the shares so to be redeemed shall be redeemed *pro rata* (disregarding fractions).

Conversion of Series E Shares into Series F Shares

The Series E Shares shall not be convertible prior to December 31, 2018. Holders of Series E Shares shall have the right to convert on each Series E Conversion Date, subject to restrictions on conversion described below, all or any of their Series E Shares into Series F Shares on the basis of one Series F Share for each Series E Share. Notice of a holder's intention to convert Series E Shares must be received by the transfer agent and registrar for the Series E Shares at its principal office in Toronto or Calgary not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series E Conversion Date. Once received by the transfer agent and registrar on behalf of AltaGas, the election of a holder to convert is irrevocable. If AltaGas does not receive notice of a holder's intention to convert Series E Shares during the time fixed therefor, then the Series E Shares shall be deemed to not have been converted (except in the case of an automatic conversion, as described below).

AltaGas shall, not more than 60 days and not less than 30 days prior to the applicable Series E Conversion Date, give notice to the then registered holders of the Series E Shares of the conversion right. On the 30th day prior to each Series E Conversion Date, AltaGas shall give notice to the then registered holders of the Series E Shares of the Annual Fixed Dividend Rate for the Series E Shares for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series F Shares for the next succeeding Quarterly Floating Rate Period.

Holders of Series E Shares shall not be entitled to convert their shares into Series F Shares if AltaGas determines that there would remain outstanding on a Series E Conversion Date less than 1,000,000 Series F Shares, after having taken into account all Series E Shares tendered for conversion into Series F Shares and all Series F Shares tendered for conversion into Series E Shares. AltaGas shall give notice thereof to all affected registered holders of the Series E Shares at least seven days prior to the applicable Series E Conversion Date. Furthermore, if AltaGas determines that there would remain outstanding on a Series E Conversion Date less than 1,000,000 Series E Shares, after having taken into account all Series E Shares tendered for conversion into Series F Shares and all Series F Shares tendered for conversion into Series E Shares, then all of the remaining outstanding Series E Shares shall be converted automatically into Series F Shares on the basis of one Series F Share for each Series E Share on the applicable Series E Conversion Date and AltaGas shall give notice thereof to the then registered holders of such remaining Series E Shares at least seven days prior to the Series E Conversion Date.

AltaGas reserves the right not to deliver Series F Shares to any person that AltaGas or its transfer agent has reason to believe is a person whose address is in, or that AltaGas or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require AltaGas to take any action to comply with the securities laws of such jurisdiction. In those circumstances, AltaGas shall hold, as agent of any such person, all or the relevant number of Series F Shares, and AltaGas shall attempt to sell such Series F Shares to parties other than AltaGas and its affiliates on behalf of any such person. Such sales (if any) shall be made at such times and at such prices as AltaGas, in its sole discretion, may determine. AltaGas shall not be subject to any liability for failure to sell Series F Shares on behalf of any such person at all or at any particular price or on any particular day. The net proceeds received by AltaGas from the sale of any such Series F Shares shall be delivered to any such person, after deducting the costs of sale, by cheque or in any other manner determined by AltaGas.

If AltaGas gives notice to the holders of the Series E Shares of the redemption of all of the Series E Shares, the right of a holder of Series E Shares to convert such Series E Shares shall terminate and AltaGas shall not be required to give notice to the registered holders of the Series E Shares of an Annual Fixed Dividend Rate, a Floating Quarterly Dividend Rate or the conversion right of holders of Series E Shares.

The Series E Shares and Series F Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two series they wish to hold and does not entitle holders to receive a

different class or type of securities. Other than the different dividend rights and redemption rights attached thereto, the Series E Shares and Series F Shares are identical in all material respects.

Purchase for Cancellation

Subject to the provisions described under “*Restrictions on Payments and Reductions of Capital*”, AltaGas may at any time or times purchase for cancellation all or any part of the Series E Shares at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of AltaGas or any other distribution of assets of AltaGas among its shareholders for the purpose of winding up its affairs, the holders of the Series E Shares shall be entitled to receive \$25.00 per Series E Share plus all accrued and unpaid dividends thereon (less any tax required to be deducted and withheld by AltaGas) before any amount shall be paid or any property or assets of AltaGas shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Series E Shares in any respect. After payment to the holders of the Series E Shares of the amount so payable to them, they shall not, as such, be entitled to share in any further distribution of the property or assets of AltaGas.

Restrictions on Payments and Reductions of Capital

So long as any Series E Shares are outstanding, AltaGas shall not:

- (a) call for redemption, purchase, reduce or otherwise pay for less than all the Series E Shares and all other Preferred Shares then outstanding ranking prior to or on parity with the Series E Shares with respect to payment of dividends,
- (b) declare, pay or set apart for payment any dividends (other than stock dividends in shares of AltaGas ranking junior to the Series E Shares) on the Common Shares or any other shares of AltaGas ranking junior to the Series E Shares with respect to payment of dividends, or
- (c) call for redemption, purchase, reduce or otherwise pay for any shares of AltaGas ranking junior to the Series E Shares with respect to repayment of capital or with respect to payment of dividends,

unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on the Series E Shares and on all other Preferred Shares then outstanding ranking prior to or on parity with the Series E Shares with respect to payment of dividends shall have been declared and paid or set apart for payment at the date of any such action.

Creation or Issue of Additional Shares

So long as any Series E Shares are outstanding, AltaGas shall not, without the prior approval of the holders of the Series E Shares, create or issue any shares ranking prior to or on parity with the Series E Shares with respect to repayment of capital or payment of dividends, provided that AltaGas may without such approval issue additional series of Preferred Shares if all dividends then payable on the Series E Shares shall have been paid or set apart for payment.

Voting Rights

The holders of the Series E Shares are not entitled to any voting rights or to receive notice of or to attend shareholders’ meetings unless dividends on the Series E Shares are in arrears to the extent of eight quarterly dividends, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of AltaGas properly applicable to the payment of the dividends. Until all arrears of dividends have been paid, holders of Series E Shares will be entitled to receive notice of and to attend all shareholders’

meetings (other than separate meetings of holders of another class or series of shares) and to one vote in respect of each Series E Share held with respect to the resolutions being voted on. At any time when any Series E Shares are outstanding AltaGas shall not issue additional Preferred Shares or undertake an issuer bid or other recapitalization transaction if the effect of such would be to immediately reduce the voting rights of the holders of the Series E Shares to less than one vote per share at any meeting or upon any written resolution of AltaGas shareholders where holders of Common Shares and Preferred Shares are each entitled to vote.

Tax Election

The Series E Shares will be “taxable preferred shares” as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Series E Shares. The terms of the Series E Shares require AltaGas to make the necessary election under Part VI.1 of the Tax Act so that such corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series E Shares. See “*Certain Canadian Federal Income Tax Considerations — Dividends*”.

Modification

The series provisions attached to the Series E Shares may be amended with the written approval of all the holders of the Series E Shares outstanding or by at least two-thirds of the votes cast at a meeting of the holders of such shares duly called for that purpose and at which a quorum is present.

Business Day

If any day on which any dividend on the Series E Shares is payable by AltaGas or on or by which any other action is required to be taken by AltaGas is not a Business Day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a Business Day.

Certain Provisions of the Series F Shares

Issue Price

The Series F Shares will be issuable only upon conversion of Series E Shares and will have an ascribed issue price of \$25.00 per share.

Dividends on Series F Shares

During each Quarterly Floating Rate Period, the holders of the Series F Shares shall be entitled to receive and AltaGas shall pay, as and when declared by the Board of Directors, out of the moneys of AltaGas properly applicable to the payment of dividends, cumulative preferential cash dividends, payable on each Dividend Payment Date, in the amount per share determined by multiplying the Floating Quarterly Dividend Rate for such Quarterly Floating Rate Period by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year (less any tax required to be deducted or withheld by AltaGas).

On each Floating Rate Calculation Date, AltaGas shall determine the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon AltaGas and upon all holders of Series F Shares. AltaGas shall, on each Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series F Shares.

Redemption of Series F Shares

Subject to the provisions described under “*Restrictions on Payments and Reductions of Capital*”, AltaGas may redeem all or any part of the Series F Shares by the payment of an amount in cash for each share to be

redeemed equal to (i) \$25.00 in the case of redemptions on any Series F Conversion Date, or (ii) \$25.50 in the case of redemptions on any date after December 31, 2018 that is not a Series F Conversion Date, in each case plus all accrued and unpaid dividends thereon to, but excluding, the date fixed for redemption (and in each case less any tax required to be deducted or withheld by AltaGas).

Notice of any redemption of Series F Shares will be given by AltaGas not more than 60 days and not less than 30 days prior to the date fixed for redemption. If less than all of the outstanding Series F Shares are at any time to be redeemed, the shares so to be redeemed shall be redeemed *pro rata* (disregarding fractions).

Conversion of Series F Shares into Series E Shares

The Series F Shares shall not be convertible prior to December 31, 2023. Holders of Series F Shares shall have the right to convert on each Series F Conversion Date, subject to restrictions on conversion described below, all or any of their Series F Shares into Series E Shares on the basis of one Series E Share for each Series F Share. Notice of a holder's intention to convert Series F Shares must be received by the transfer agent and registrar for the Series F Shares at its principal office in Toronto or Calgary not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series F Conversion Date. Once received by the transfer agent and registrar on behalf of AltaGas, the election of a holder to convert is irrevocable. If AltaGas does not receive notice of a holder's intention to convert Series F Shares during the time fixed therefor, then the Series F Shares shall be deemed to not have been converted (except in the case of an automatic conversion, as described below).

AltaGas shall, not more than 60 days and not less than 30 days prior to the applicable Series F Conversion Date, give notice to the then registered holders of the Series F Shares of the conversion right. On the 30th day prior to each Series F Conversion Date, AltaGas shall give notice to the then registered holders of the Series F Shares of the Annual Fixed Dividend Rate for the Series E Shares for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series F Shares for the next succeeding Quarterly Floating Rate Period.

Holders of Series F Shares shall not be entitled to convert their shares into Series E Shares if AltaGas determines that there would remain outstanding on a Series F Conversion Date less than 1,000,000 Series E Shares, after having taken into account all Series E Shares tendered for conversion into Series F Shares and all Series F Shares tendered for conversion into Series E Shares. AltaGas shall give notice thereof to all affected registered holders of the Series F Shares at least seven days prior to the applicable Series F Conversion Date. Furthermore, if AltaGas determines that there would remain outstanding on a Series F Conversion Date less than 1,000,000 Series F Shares, after having taken into account all Series E Shares tendered for conversion into Series F Shares and all Series F Shares tendered for conversion into Series E Shares, then all of the remaining outstanding Series F Shares shall be converted automatically into Series E Shares on the basis of one Series E Share for each Series F Share on the applicable Series F Conversion Date and AltaGas shall give notice thereof to the then registered holders of such remaining Series F Shares at least seven days prior to the Series F Conversion Date.

AltaGas reserves the right not to deliver Series E Shares to any person that AltaGas or its transfer agent has reason to believe is a person whose address is in, or that AltaGas or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require AltaGas to take any action to comply with the securities laws of such jurisdiction. In those circumstances, AltaGas shall hold, as agent of any such person, all or the relevant number of Series E Shares, and AltaGas shall attempt to sell such Series E Shares to parties other than AltaGas and its affiliates on behalf of any such person. Such sales (if any) shall be made at such times and at such prices as AltaGas, in its sole discretion, may determine. AltaGas shall not be subject to any liability for failure to sell Series E Shares on behalf of any such person at all or at any particular price or on any particular day. The net proceeds received by AltaGas from the sale of any such Series E Shares shall be delivered to any such person, after deducting the costs of sale, by cheque or in any other manner determined by AltaGas.

If AltaGas gives notice to the holders of the Series F Shares of the redemption of all of the Series F Shares, the right of a holder of Series F Shares to convert such Series F Shares shall terminate and AltaGas shall not be required to give notice to the registered holders of the Series F Shares of an Annual Fixed Dividend Rate, a Floating Quarterly Dividend Rate or the conversion right of holders of Series F Shares.

The Series E Shares and Series F Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two series they wish to hold and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights and redemption rights attached thereto, the Series E Shares and Series F Shares are identical in all material respects.

Purchase for Cancellation

Subject to the provisions described under “*Restrictions on Payments and Reductions of Capital*”, AltaGas may at any time or times purchase for cancellation all or any part of the Series F Shares at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of AltaGas or any other distribution of assets of AltaGas among its shareholders for the purpose of winding up its affairs, the holders of the Series F Shares shall be entitled to receive \$25.00 per Series F Share plus all accrued and unpaid dividends thereon (less any tax required to be deducted and withheld by AltaGas) before any amount shall be paid or any property or assets of AltaGas shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Series F Shares in any respect. After payment to the holders of the Series F Shares of the amount so payable to them, they shall not, as such, be entitled to share in any further distribution of the property, or assets of AltaGas.

Restrictions on Payments and Reductions of Capital

So long as any Series F Shares are outstanding, AltaGas shall not:

- (a) call for redemption, purchase, reduce or otherwise pay for less than all the Series F Shares and all other Preferred Shares then outstanding ranking prior to or on parity with the Series F Shares with respect to payment of dividends,
- (b) declare, pay or set apart for payment any dividends (other than stock dividends in shares of AltaGas ranking junior to the Series F Shares) on the Common Shares or any other shares of AltaGas ranking junior to the Series F Shares with respect to payment of dividends, or
- (c) call for redemption, purchase, reduce or otherwise pay for any shares of AltaGas ranking junior to the Series F Shares with respect to repayment of capital or with respect to payment of dividends,

unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on the Series F Shares and on all other Preferred Shares then outstanding ranking prior to or on parity with the Series F Shares with respect to payment of dividends shall have been declared and paid or set apart for payment at the date of any such action.

Creation or Issue of Additional Shares

So long as any Series F Shares are outstanding, AltaGas shall not, without the prior approval of the holders of the Series F Shares, create or issue any shares ranking prior to or on parity with the Series F Shares with respect to repayment of capital or payment of dividends, provided that AltaGas may without such approval issue additional series of Preferred Shares if all dividends then payable on the Series F Shares shall have been paid or set apart for payment.

Voting Rights

The holders of the Series F Shares are not entitled to any voting rights or to receive notice of or to attend shareholders’ meetings unless dividends on the Series F Shares are in arrears to the extent of eight quarterly dividends, whether or not consecutive and whether or not such dividends have been declared and whether or not

there are any moneys of AltaGas properly applicable to the payment of the dividends. Until all arrears of dividends have been paid, holders of Series F Shares will be entitled to receive notice of and to attend all shareholders' meetings (other than separate meetings of holders of another class or series of shares) and to one vote in respect of each Series F Share held with respect to the resolutions being voted on. At any time when any Series F Shares are outstanding AltaGas shall not issue additional Preferred Shares or undertake an issuer bid or other recapitalization transaction if the effect of such would be to immediately reduce the voting rights of the holders of the Series F Shares to less than one vote per share at any meeting or upon any written resolution of AltaGas shareholders where holders of Common Shares and Preferred Shares are each entitled to vote.

Tax Election

The Series F Shares will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Series F Shares. The terms of the Series F Shares require AltaGas to make the necessary election under Part VI.1 of the Tax Act so that such corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series F Shares. See "*Certain Canadian Federal Income Tax Considerations — Dividends*".

Modification

The series provisions attached to the Series F Shares may be amended with the written approval of all the holders of the Series F Shares outstanding or by at least two-thirds of the votes cast at a meeting of the holders of such shares duly called for that purpose and at which a quorum is present.

Business Day

If any day on which any dividend on the Series F Shares is payable by AltaGas or on or by which any other action is required to be taken by AltaGas is not a Business Day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a Business Day.

DEPOSITORY SERVICES

The Series E Shares and Series F Shares will be issued in "book entry only" form and must be purchased or transferred through a participant in the CDS depository service ("**CDS Participant**"). AltaGas will cause a global certificate or certificates representing any newly issued Series E Shares or Series F Shares to be delivered to, and registered in the name of, CDS or its nominee. All rights of holders of Series E Shares or Series F Shares must be exercised through, and all payments or other property to which such holder of Series E Shares or Series F Shares, as the case may be, is entitled, will be made or delivered by, CDS or the CDS Participant through which the holder of Series E Shares or Series F Shares holds such shares. Each person who acquires Series E Shares or Series F Shares will receive only a customer confirmation of purchase from the registered dealer from or through which the Series E Shares or Series F Shares are acquired in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS is responsible for establishing and maintaining book entry accounts for its CDS Participants having interests in the Series E Shares or Series F Shares.

The ability of a beneficial owner of Series E Shares or Series F Shares to pledge such shares or otherwise take action with respect to such owner's interest in such shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

AltaGas has the option to terminate registration of the Series E Shares and Series F Shares through the book entry only system, in which event certificates for Series E Shares and Series F Shares in fully registered form will be issued to the beneficial owners of such shares or their nominees.

Neither AltaGas nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Series E Shares or Series F Shares held by CDS or the payments relating thereto;

(b) maintaining, supervising or reviewing any records relating to the Series E Shares or Series F Shares; or (c) any advice or representation made by or with respect to CDS and those contained in this prospectus supplement and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and persons, other than CDS Participants, having an interest in the Series E Shares or Series F Shares must look solely to CDS Participants for payments made by or on behalf of AltaGas to CDS in respect of the Series E Shares or Series F Shares.

If (i) required by applicable law, (ii) the book entry only system ceases to exist, (iii) CDS advises AltaGas that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Series E Shares or Series F Shares and AltaGas is unable to locate a qualified successor, or (iv) AltaGas, at its option, decides to terminate the book entry only system, then certificates representing the Series E Shares and Series F Shares, as applicable, will be made available.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Counsel, the following summary, as of the date hereof, describes the principal Canadian federal income tax considerations generally applicable under the provisions of the Tax Act to a prospective purchaser of Series E Shares pursuant to this prospectus supplement (a “**Holder**”) who, at all relevant times, for the purposes of the Tax Act, is (or is deemed to be) resident in Canada, holds the Series E Shares and will hold the Series F Shares, as applicable, as capital property, and deals at arm’s length with AltaGas and the Underwriters and is not affiliated with AltaGas or the Underwriters. Generally, the Series E Shares or Series F Shares will be considered to be capital property to a Holder provided the Holder does not hold the shares in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Holders who might not otherwise be considered to hold their Series E Shares or Series F Shares as capital property may, in certain circumstances, be entitled to have them and all other “Canadian securities” (as defined in the Tax Act) owned by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Holders who do not hold their Series E Shares or will not hold their Series F Shares, as applicable, as capital property should consult their own tax advisors with respect to their own particular circumstances.

This summary is not applicable to a Holder: (i) that is a “financial institution”, as defined in the Tax Act for the purpose of the “mark-to-market” rules; (ii) an interest in which would be a “tax shelter investment” as defined in the Tax Act; (iii) that is a “specified financial institution” or a “restricted financial institution”, each as defined in the Tax Act; (iv) which has made a “functional currency” election under the Tax Act to determine its Canadian tax results in a currency other than Canadian currency; or (v) that enters into a “derivative forward agreement” or a “synthetic disposition arrangement” with respect to the Series E Shares or Series F Shares, as such terms are defined in the proposed amendments to the Tax Act contained in Bill C-4. Any such Holder should consult its own tax advisors with respect to an investment in the Series E Shares or Series F Shares.

This summary is based upon the current provisions of the Tax Act, the regulations thereunder (the “**Regulations**”), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposals**”), existing case law and Counsel’s understanding of the current published administrative and assessing practices of the Canada Revenue Agency. This summary assumes the Proposals will be enacted in the form proposed; however, no assurance can be given that the Proposals will be enacted in their current form, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, nor does it take into account any provincial, territorial or foreign income tax legislation or considerations.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder of Series E Shares or Series F Shares. No representations are made with respect to the income tax consequences to any particular Holder. Consequently, prospective Holders should consult their own tax advisors with respect to their particular circumstances for advice with respect to the tax consequences to them of acquiring, holding and disposing of the Series E Shares or the

Series F Shares, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

Dividends

Dividends (including deemed dividends) received (or deemed to be received) on the Series E Shares or the Series F Shares, as the case may be, by an individual (other than certain trusts) will be included in the individual's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations. Individuals are entitled to an enhanced gross-up and dividend tax credit in respect of "eligible dividends" received from taxable Canadian corporations, such as AltaGas, if such dividends have been designated as eligible dividends by AltaGas at or before the time of payment. By notice in writing on AltaGas' website, AltaGas has designated all dividends paid by AltaGas after July 1, 2010 to be "eligible dividends" within the meaning of the Tax Act unless otherwise notified.

Dividends received by a Holder who is an individual (other than certain trusts) may give rise to a liability for alternative minimum tax.

Dividends (including deemed dividends) received on the Series E Shares or the Series F Shares, as the case may be, by a Holder which is a corporation will be included in computing the Holder's income and will generally be deductible in computing the Holder's taxable income. A "private corporation", as defined in the Tax Act, or any other corporation controlled (whether by reason of a beneficial interest in one or more trusts or otherwise) by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33 $\frac{1}{3}$ % refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Series E Shares or the Series F Shares, as the case may be, to the extent such dividends are deductible in computing its taxable income.

The Series E Shares and the Series F Shares will be "taxable preferred shares" as defined in the Tax Act. The terms of the Series E Shares and the Series F Shares require AltaGas to make the necessary election under Part VI.1 of the Tax Act so that corporate Holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series E Shares or the Series F Shares.

Dispositions

A Holder who disposes of or is deemed to dispose of Series E Shares or Series F Shares (on the redemption of such shares or otherwise but not including on a conversion of Series E Shares into Series F Shares or a conversion of Series F Shares into Series E Shares) will generally realize a capital gain (or a capital loss) to the extent that the Holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to the Holder. The amount of any deemed dividend arising on the redemption, acquisition or cancellation by AltaGas of Series E Shares or Series F Shares, as the case may be, will generally not be included in computing the Holder's proceeds of disposition for purposes of computing the capital gain (or capital loss) arising on the disposition of such Series E Shares or Series F Shares, as the case may be. See "*Redemption*" below. If the Holder is a corporation, any capital loss arising on a disposition of a Series E Share or a Series F Share, as the case may be, may, in certain circumstances, be reduced by the amount of any dividends, including deemed dividends, which have been received (or deemed to be received) on the Series E Share or Series F Share or any share which was converted into such share. Analogous rules apply to a partnership or trust of which a corporation, partnership or trust is a member or beneficiary.

Generally, one-half of any capital gain will be included in computing the Holder's income in the year of disposition as a taxable capital gain and one-half of any capital loss (an "**allowable capital loss**") must be deducted from the Holder's taxable capital gains in the year of disposition. Allowable capital losses in excess of taxable capital gains for a taxation year generally may be carried back up to three taxation years or carried forward indefinitely and deducted against net taxable capital gains in those other taxation years. Capital gains realized by an individual may give rise to a liability for alternative minimum tax. Taxable capital gains of a "Canadian-controlled private corporation", as defined in the Tax Act, may be subject to an additional refundable tax at a rate of 6 $\frac{2}{3}$ %.

Redemption

If AltaGas redeems Series E Shares or Series F Shares, or otherwise acquires or cancels Series E Shares or Series F Shares (other than by a purchase by AltaGas of the shares in the open market in the manner in which shares are normally purchased by any member of the public in the open market), the Holder will be deemed to have received a dividend equal to the amount, if any, paid by AltaGas in excess of the paid-up capital (as determined for purposes of the Tax Act) of such shares at such time. Generally, the difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for purposes of computing the capital gain or capital loss arising on the disposition of such shares. See “— *Dispositions*” above. In the case of a corporate holder, it is possible that in certain circumstances all or part of any such deemed dividend may be treated as proceeds of disposition and not as a dividend.

Conversion

The conversion of Series E Shares into Series F Shares and the conversion of Series F Shares into Series E Shares will not constitute a disposition of property for purposes of the Tax Act and, accordingly, will not give rise to a capital gain or capital loss. The cost to a Holder of the Series F Shares or Series E Shares, as the case may be, received on the conversion will, subject to the cost averaging rules contained in the Tax Act, be deemed to be equal to the Holder’s adjusted cost base of the converted Series E Shares or Series F Shares, as the case may be, immediately before the conversion.

RATINGS

The Series E Shares have been provisionally rated Pfd-3 by DBRS and P-3 (High) by S&P under its Canadian preferred share rating scale and BB+ under its global preferred rating scale (DBRS and S&P are each a “**Rating Agency**”). The rating trend from DBRS is stable. The rating from S&P has been placed on Credit Watch, with negative implications. As a result, it is possible that the rating on the Series E Shares may be lowered from P-3 (High) when S&P publishes its report in relation to AltaGas in the coming weeks. See “*Recent Developments – AltaGas’ Issuer Rating Placed on Credit Watch by Standard & Poor’s Ratings Services*” and “*Risk Factors – Risks Related to the Series E Shares – Ratings*”. Ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. The Rating Agencies’ ratings for preferred shares range from a high of Pfd-1 to a low of D for DBRS and from a high of P-1 to a low of D for S&P.

A Pfd-3 rating by DBRS is the third highest of six categories granted by DBRS. According to the DBRS rating system, securities rated Pfd-3 are of adequate credit quality. While protection of dividends and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection. “High” or “low” grades are used to indicate the relative standing within a rating category. The absence of either a “high” or “low” designation indicates the rating is in the middle of the category.

A P-3 rating by S&P is the third highest of eight categories granted by S&P under its Canadian preferred share rating scale and directly corresponds with a BB+ rating under its global preferred rating scale. The Canadian preferred share rating scale is fully determined by the global preferred rating scale and there are no additional analytical criteria associated with the determination of ratings on the Canadian preferred share rating scale. According to the S&P rating system, while securities rated P-3 are regarded as having significant speculative characteristics, they are less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor’s inadequate capacity to meet its financial commitment on the obligation. The ratings from P-1 to P-5 may be modified by “high” and “low” grades which indicate relative standing within the major rating categories.

The ratings accorded to the Series E Shares by the Rating Agencies are not recommendations to purchase, hold or sell such shares inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a Rating Agency in the future if, in its judgment, circumstances so

warrant. The lowering of any rating of the Series E Shares may negatively affect the quoted market price, if any, of such shares.

AltaGas has paid each of DBRS and S&P their customary fees in connection with the provision of the ratings described above and elsewhere in this prospectus supplement and in the accompanying Prospectus. AltaGas has not made any payments to DBRS or S&P for services unrelated to the provision of such ratings.

ELIGIBILITY FOR INVESTMENT

In the opinion of Counsel, subject to the provisions of any particular plan, the Series E Shares offered hereby, if issued on the date hereof, generally would be qualified investments under the Tax Act and the Regulations for a trust governed by a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a registered education savings plan, a registered disability savings plan, a deferred profit sharing plan, or a tax-free savings account (“**TFSA**”).

Notwithstanding that the Series E Shares will be a qualified investment for a RRSP, RRIF or TFSA, the annuitant of a RRSP or RRIF or the holder of a TFSA will be subject to a penalty tax on the Series E Shares held in the RRSP, RRIF or TFSA, as the case may be, if such Series E Shares are a “prohibited investment” for the purposes of section 207.01 of the Tax Act. The Series E Shares will not be a “prohibited investment” for a RRSP, RRIF or TFSA provided that the annuitant of the RRSP or RRIF or the holder of the TFSA: (i) deals at arm’s length with AltaGas for purposes of the Tax Act; (ii) does not have a significant interest (within the meaning of the Tax Act) in AltaGas; and (iii) does not have a significant interest (within the meaning of the Tax Act) in any corporation, partnership or trust with which AltaGas does not deal at arm’s length for purposes of the Tax Act. Proposed amendments to the Tax Act contained in Bill C-4 propose to delete the condition in (iii) above. In addition, pursuant to the proposals in Bill C-4, the Series E Shares will generally not be a “prohibited investment” if the Series E Shares are “excluded property” as defined therein for trusts governed by a TFSA, RRSP or RRIF.

Prospective investors who intend to hold Series E Shares in a RRSP, RRIF or TFSA should consult their own tax advisors regarding their particular circumstances, including with respect to the proposed amendments.

RISK FACTORS

An investment in the Series E Shares offered hereunder involves certain risks. In addition to the other information contained in this prospectus supplement and the accompanying Prospectus, and in the documents incorporated by reference herein and therein, prospective purchasers of Series E Shares should consider carefully the risk factors set forth below as well as the risk factors referenced in the accompanying Prospectus under the heading “*Risk Factors*”.

Risks Related to the Series E Shares

No Existing Trading Market

There is currently no market through which the Series E Shares may be sold and purchasers of Series E Shares may not be able to resell the Series E Shares purchased under this prospectus supplement. The Offering Price for the Series E Shares and the number of Series E Shares to be issued has been determined by negotiations among AltaGas and the Underwriters. The price paid for each Series E Share may bear no relationship to the price at which the Series E Shares will trade in the public market subsequent to this Offering. AltaGas cannot predict at what price the Series E Shares will trade and there can be no assurance that an active trading market will develop for the Series E Shares or, if developed, that such market will be sustained. AltaGas has applied to list and post for trading the Series E Shares and Series F Shares on the TSX. Listing will be subject to AltaGas fulfilling all the listing requirements of the TSX. There can be no assurance that the Series E Shares and Series F Shares will be accepted for listing on the TSX.

Market Price

The market price of the Series E Shares and Series F Shares may fluctuate due to a variety of factors relative to AltaGas' business, including announcements of new developments, fluctuations in AltaGas' operating results, sales of the Series E Shares and Series F Shares in the marketplace, failure to meet analysts' expectations, any public announcements made in regard to this Offering, the impact of various tax laws or rates and general market conditions or the worldwide economy. In recent years, stock markets have experienced significant price fluctuations, which have been unrelated to the operating performance of the affected companies. There can be no assurance that the market price of the Series E Shares and Series F Shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to AltaGas' performance.

In addition, the value of Series E Shares and Series F Shares will be affected by the general creditworthiness of AltaGas. AltaGas' AIF for the year ended December 31, 2012, AltaGas' 2012 MD&A for the year ended December 31, 2012 and AltaGas' 2013 Q3 MD&A for the three and nine month period ended September 30, 2013 are incorporated by reference in this prospectus supplement. These documents discuss, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on AltaGas' business, financial condition or results of operations. See also the discussion under "*Earnings Coverage*", which is relevant to an assessment of the risk AltaGas will be unable to pay dividends on the Series E Shares and Series F Shares or pay amounts due upon the liquidation, dissolution or winding-up of AltaGas.

Prevailing yields on similar securities will affect the market value of the Series E Shares and Series F Shares. Assuming all other factors remain unchanged, the market value of the Series E Shares and Series F Shares would be expected to decline as prevailing yields for similar securities rise and would be expected to increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities will also affect the market value of the Series E Shares and Series F Shares in an analogous manner.

Ratings

The ratings applied to the Series E Shares are an assessment, by the Rating Agencies, of AltaGas' ability to pay its obligations. The ratings are based on certain assumptions about the future performance and capital structure of AltaGas that may or may not reflect the actual performance or capital structure of AltaGas. Changes in ratings of the Series E Shares may affect the market price or value and the liquidity of the Series E Shares. There is no assurance that any rating assigned to the Series E Shares will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. In particular, S&P's rating on the Series E Shares has been placed on Credit Watch, with negative implications. As a result, it is possible that the rating on the Series E Shares may be lowered from P-3 (High) when S&P publishes its report in relation to AltaGas in the coming weeks. See "*Ratings*".

Insolvency or Winding-Up

The Series E Shares and Series F Shares are equity capital of AltaGas which rank equally with any other Preferred Shares that may be issued by AltaGas from time to time, in the event of an insolvency or winding-up of AltaGas. If AltaGas becomes insolvent or is wound up, AltaGas' assets must be used to pay liabilities and other debt before payments may be made on the Series E Shares, Series F Shares and other Preferred Shares, if any.

Automatic Conversion

An investment in the Series E Shares may become an investment in Series F Shares without the consent of the holder in the event of an automatic conversion of the Series E Shares into Series F Shares. Upon such automatic conversion, the dividend rate on the Series F Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time. In addition, holders may be prevented from converting their Series E Shares into Series F Shares in certain circumstances. See "*Details of the Offering*".

In addition, once Series E Shares have been converted to Series F Shares, an investment in those Series F Shares may revert to an investment in Series E Shares without the consent of the holder in the event of an automatic conversion of the Series F Shares into Series E Shares. Upon such automatic conversion, the dividend rate on the Series E Shares will be a fixed rate that is adjusted every five years by reference to the Government of Canada Yield which may vary from time to time. In addition, holders may be prevented from converting their Series F Shares into Series E Shares in certain circumstances. See “*Details of the Offering*”.

No Fixed Maturity

Neither the Series E Shares nor the Series F Shares have a fixed maturity date and are not redeemable at the option of the holders of Series E Shares or the Series F Shares, as applicable. The ability of a holder to liquidate its holdings of Series E Shares and the Series F Shares, as applicable, may be limited.

Dividends

The dividend rate in respect of the Series E Shares and Series F Shares will, following the Initial Fixed Rate Period, reset every five years and quarterly, respectively. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

Dividends on the Series E Shares and Series F Shares are payable at the discretion of the Board of Directors. AltaGas may not declare or pay a dividend if there are reasonable grounds for believing that (i) AltaGas is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realizable value of AltaGas’ assets would thereby be less than the aggregate of its liabilities and stated capital of its outstanding shares.

Investments in the Series F Shares, given their floating interest component, entail risks not associated with investments in the Series E Shares. The resetting of the applicable rate on a Series F Share may result in a lower yield compared to fixed rate Series E Shares. The applicable rate on a Series F Share will fluctuate in accordance with fluctuations in the T-Bill Rate on which the applicable rate is based, which in turn may fluctuate and be affected by a number of interrelated factors, including economic, financial and political events over which AltaGas has no control. See “*Details of the Offering — Certain Provisions of the Series F Shares — Dividends on Series F Shares*”.

Voting Rights

Holders of Series E Shares and Series F Shares will not generally have voting rights at meetings of shareholders of AltaGas except under limited circumstances. See “*Details of the Offering – Certain Provisions of the Series E Shares – Voting Rights*” and “*Details of the Offering – Certain Provisions of the Series F Shares – Voting Rights*”.

Redeemable

AltaGas may choose to redeem the Series E Shares and/or the Series F Shares from time to time, in accordance with its rights described under “*Details of the Offering — Certain Provisions of the Series E Shares — Redemption of Series E Shares*” and “*Details of the Offering — Certain Provisions of the Series F Shares — Redemption of Series F Shares*”, including when prevailing interest rates are lower than the yield provided by the Series E Shares and the Series F Shares. If prevailing rates are lower at the time of redemption, a purchaser would not be able to reinvest the redemption proceeds in a comparable security at an effective yield as high as the yield on the Series E Shares or the Series F Shares being redeemed. AltaGas’ redemption right also may adversely impact a purchaser’s ability to sell Series E Shares and Series F Shares.

Risks Related to the Acquisition Transactions

Possible Failure to Realize Anticipated Benefits of the Acquisition Transactions

A variety of factors, including those risk factors set forth in this prospectus supplement and the documents incorporated by reference herein, may adversely affect the ability to achieve the anticipated benefits of the Acquisition Transactions.

Satisfaction of Conditions Precedent

The completion of the AIJVLP Acquisition is subject to a number of conditions precedent, certain of which are outside the control of AltaGas or other parties to the AIJVLP Purchase Agreement, including obtaining the Required Authorizations. There is no certainty, nor can AltaGas provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied.

Additionally, AltaGas expects that closing of the AIJVLP Acquisition will occur in the first quarter of 2014. However, the Outside Date allows the transaction to close as late as March 7, 2014, or later if agreed in writing by the parties, in certain circumstances. While during the period prior to closing Petrogas is to carry on business in the ordinary course, comply in all material respects with applicable laws and its contractual obligations and use commercially reasonable efforts to preserve intact Petrogas' business, given the potentially long period prior to closing the AIJVLP Acquisition there can be no assurance that the business, operations and assets of Petrogas may not be adversely affected by intervening events. While it is a condition to closing the AIJVLP Acquisition that there has been no material adverse effect with respect to Petrogas or its subsidiaries, it is possible that the business of Petrogas could be significantly affected prior to such a condition being breached. During the period prior to closing the AIJVLP Acquisition, neither AltaGas nor AIJVLP will have the right to control or direct the operations of Petrogas and Petrogas shall exercise complete unilateral control and supervision over its business operations, subject to the terms of the AIJVLP Purchase Agreement and the Unanimous Shareholder Agreement. AltaGas will indirectly be reliant on the business judgment and decisions of the board and management of Petrogas prior to closing the AIJVLP Acquisition. As a result, the failure of such third parties to operate and direct Petrogas in the manner expected by AltaGas could negatively affect Petrogas' results and in turn AltaGas' results.

Regulatory Risk

The AIJVLP Acquisition is conditional upon, among other things, the receipt of all Required Authorizations. A substantial delay in obtaining satisfactory approvals or the imposition of unfavourable terms or conditions in the approvals could have a material adverse effect on AIJVLP's ability to complete the AIJVLP Acquisition and on AltaGas' or Petrogas' business, financial condition or results of operations. See "*Recent Developments – The AIJVLP Purchase Agreement – Termination*".

Failure to Complete the AIJVLP Acquisition

The AIJVLP Acquisition is subject to normal commercial risk that the AIJVLP Acquisition may not be completed on the terms negotiated or at all.

If closing of the AIJVLP Acquisition does not take place as contemplated, AltaGas could suffer adverse consequences, including the loss of investor confidence. The discovery or quantification of any material liabilities could have a material adverse effect on AltaGas' business, financial condition or future prospects. In addition, the Initial Acquisition Agreement limits the amount for which AltaGas is indemnified.

Potential Undisclosed Liabilities Associated with the Initial Acquisition and the AIJVLP Acquisition

In connection with the Initial Acquisition and the AIJVLP Acquisition, there may be liabilities that AltaGas and AIJVLP, respectively, failed to discover or were unable to quantify in their due diligence, which they conducted prior to the execution of the Initial Acquisition Agreement and the AIJVLP Purchase Agreement, respectively, and

AltaGas and AIJVLP may not be indemnified for some or all of these liabilities. In addition, investors will not have a direct statutory right or any other rights against the Seller in connection with such liabilities. The sole remedy of AltaGas or AIJVLP against the Seller will either be AltaGas exercising its rights under the Initial Acquisition Agreement or AIJVLP exercising its rights under the AIJVLP Purchase Agreement, respectively, to claim indemnification in respect of a breach of the applicable agreement.

As the Initial Acquisition Agreement imposes a cap on the indemnification obligations of the Seller of \$50 million and the AIJVLP Purchase Agreement imposes a cap on the indemnification obligations of the Seller of \$83 million, there can be no assurance that either AltaGas or AIJVLP will be able to obtain the full amount of any claim made by it against the Seller for indemnification.

Risks Related to Petrogas' Business

The material risk factors associated with AltaGas' existing and expected future operations are as set forth in the AIF incorporated herein by reference under the heading "*Risk Factors*". However, although certain such risks were addressed specifically to AltaGas' existing and expected future operations prior to the acquisition of Petrogas, management believes that certain of those risks also apply to Petrogas' business and operations.

That is, while Petrogas' business, as an aspect of AltaGas' future operations, will be subject to and impacted by the general risks set forth under the heading "*Risk Factors*" in the AIF incorporated herein by reference, management believes that those risk factors described under the headings "*Operating Risk*", "*Facility Throughput*" and "*Regulatory*" in particular should be read as also being addressed specifically to Petrogas' business.

General

Forward-looking information may prove inaccurate

Investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Additional information on the risks, assumptions and uncertainties are found in this prospectus supplement under the heading "*Note Regarding Forward-Looking Statements*".

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Series E Shares will be passed upon on behalf of AltaGas by Stikeman Elliott LLP and on behalf of the Underwriters by Blake, Cassels & Graydon LLP. As at the date of this prospectus supplement, the partners and associates of Stikeman Elliott LLP and the partners and associates of Blake, Cassels & Graydon LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares of AltaGas.

CERTIFICATE OF THE UNDERWRITERS

Dated: December 6, 2013

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

TD SECURITIES INC.

**RBC DOMINION
SECURITIES INC.**

SCOTIA CAPITAL INC.

By: (signed) Alec W.G. Clark

By: (signed) Trevor Gardner

By: (signed) Cameron Goldade

BMO NESBITT BURNS INC.

By: (signed) Sean M. Brown

CIBC WORLD MARKETS INC.

By: (signed) Kelsen Vallee

NATIONAL BANK FINANCIAL INC.

By: (signed) Iain Watson

**FIRSTENERGY CAPITAL
CORP.**

**HSBC SECURITIES
(CANADA) INC.**

**MACQUARIE CAPITAL
MARKETS CANADA LTD.**

By: (signed) Erik B. Bakke

By: (signed) Greg Gannett

By: (signed) Mike Mackasey

BEACON SECURITIES LIMITED

PETERS & CO. LIMITED

By: (signed) Alistair Maxwell

By: (signed) Blair C. Ward